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Cambodian Now Says He Favors Khmer Trial

Hun Sen, Under Fire,
Asserts 2 Pol Pot Aides
Weren't Given Immunity

By Seth Mydans
New York Times Service

PHNOM PENH — In an angry statement, Prime Minister Hun Sen denied Friday that he opposed a trial for two high-ranking Khmer Rouge defectors and said he supported an investigation into the mass killings of the 1970s.

Responding to criticism for his statement this week that the defectors should be met with bouquets rather than handcuffs, he said that his first priority had been to secure peace and that the question of trials was the next order of business.

"My position is that the trial of the Khmer Rouge is a fait accompli and should proceed," he said, referring to a case that was opened 20 years ago under an occupying Vietnamese Army.

He noted that in a statement welcoming the defectors, Khieu Samphan and Nuon Chea, he had said explicitly that he could make no guarantee of immunity.

On Friday he said he had been consistent for years in seeking to bring the Khmer Rouge to justice. He accused foreign nations of "fake morality" for nurturing the Khmer Rouge in a decade-long civil war against him when it suited their purposes, then criticizing him when he fired Khmer Rouge leaders in from the cold with a promise of national reconciliation.

In a revealing comment about the apparent contradictions of his statements, Mr. Hun Sen, who plays chess, said, "The best chess player is the one who knows how to move a large number of pawns in support of each other from point to point to secure victory."

He also seemed to reveal the logic of his moves when he said he would have been a "cowardly commander" if he had negotiated the surrenders of Khmer Rouge leaders only to turn on them and arrest them the moment they were in his hands.

Though it does not appear that any arrest of a Khmer Rouge leader is imminent, the two recent defectors may have reason to rest somewhat less easily following Mr. Hun Sen's statement. He has many pawns on the board, he is testing the political winds and his options are open.

Feeling the heat, the Khmer Rouge mounted a propaganda counterattack Friday, with a spokesman also raising the muddy political and moral issues of the past.

Any trial of Khmer Rouge leaders for the deaths of more than a million people from 1975 to 1979 should also include an examination of "200 days and 200 nights" of U.S. bombing of Cambodia during the war in Indochina, said the spokesman, Long Norin.

"If they push for a tribunal, we will dig up the past and we will present our own case," he said. "Then we will go to The Hague together for trial."

Mr. Hun Sen stirred controversy

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For 11 Countries, a Single Currency Europeans Place Monetary Bets on Greater Unity

By Barry James
International Herald Tribune

BRUSSELS — Nearly 300 million Europeans awoke Friday to a new page in history that the finance minister of Portugal, Antonio de Sousa Franco, described as "impossible to turn back."

At midnight, 11 national currencies had been fused into a single money, the euro.

Although familiar francs, marks, markkaa, lire, pesetas, punts, schillings, guilders and escudos will continue to circulate for three years, on Friday they were no longer independent currencies but subdivisions of the common currency. Euro banknotes and coins will be introduced in the first half of 2002, but already this year the euro will become the main European currency for noncash transactions such as electronic transfers and credit card payments.

The signing of an accord Thursday in Brussels by Mr. de Sousa and the ministers of the 10 other

euro nations, as schoolchildren outside released hundreds of blue balloons into the gray sky, was a defining moment not only for the European economy but for the struggle over the past half century to forge a closer political identity.

Some of the ministers seemed quite moved by the occasion. "I'm proud to be able to call myself a European citizen, born in Italy," said Treasury Minister Carlo Azeglio Ciampi of Italy. "That is what I feel like today." He said the euro represented a decisive step toward "the ever closer union" of the peoples of Europe.

Finance Minister Dominique Strauss-Kahn of France said, "I do not feel any less French. But we all feel a bit more European."

Wim Duisenberg, president of the European

Central Bank, took over the reins of European monetary policy, including the setting of interest rates, a power that until Friday had been a closely guarded responsibility of sovereign governments.

"The euro has become a currency that will keep its value over time and contribute to a peaceful and stable Europe," he said.

After agreeing on the rates at which national currencies will enter the euro, the ministers celebrated their pact by opening bottles of Champagne topped with the symbol of the new currency, an E crossed with two strokes.

No one wanted to rain on the parade of goodwill, but nevertheless a dispute over the tenure of Mr. Duisenberg cropped up again. The question was, did he or did he not give a commitment to President Jacques Chirac of France in May that he would step down midway through his eight-year term to make way for Jean-Claude Trichet, president of the central bank of France?

Mr. Duisenberg said this week that he would

not leave early, in contrast to earlier assumptions. On Thursday, he said he would break with his usual policy of giving straight answers to straight questions and reply with a "no comment."

"You will have to live with uncertainty on this for a long time to come," he told reporters.

Financial markets are watching the dispute closely for any sign that the central bank might be prone to political pressure from governments, particularly at a time when some politicians are calling for the bank to reduce interest rates below the current benchmark of 3 percent in the euro zone in an effort to stimulate economic growth.

In an interview with the Italian newspaper La Repubblica, Mr. Duisenberg said he wanted to remain in office "for a long time" and stressed that the central bank would not take orders from politicians.

Jacques Santer, president of the European

See EURO, Page 13

Will the Euro Put an End to the Dollar's Dominant Role?

By Paul Blustein
Washington Post Service

WASHINGTON — The beginning of the end for one of America's great free lunches comes Monday, when 11 European countries begin trading the euro as their common currency.

That is one scenario, based on some analysts' expectation that the introduction of the euro will undermine the dominance of the U.S. dollar in the global monetary system, threatening America's ability to maintain its prodigious economy by borrowing cheaply from overseas.

But others offer another, less disturbing prediction of how the euro will affect the United States: It will do little harm to the U.S. economy, in this view, and may do considerable good. The dollar will retain its premier role in world finance and trade, while a more unified Europe offers lucrative opportunities for American corporations and provides reassurance that the Continent will never again plunge into war.

Such conflicting forecasts are among

the many maddening uncertainties surrounding Europe's grand experiment in creating a unified currency.

What nearly everyone agrees on is that the euro could pose the first serious challenge to the half-century reign of the dollar as the undisputed king of global currencies.

The U.S. Treasury — the guardian of the international status of the dollar — is blasé about the euro. Both publicly and privately, economists in the administration of President Bill Clinton wish their European counterparts luck in establishing a credible currency that helps foster a more vibrant, stable economy on the Continent.

"We have everything to gain and little to lose from the success of this momentous project," Lawrence Summers, deputy Treasury secretary, said recently. "If Europe benefits, this will greatly benefit the United States."

A number of economists and money-market experts are far less sanguine about the ramifications of the new currency.

After all, the dollar commands a position in the world economy that far

exceeds the United States' 27 percent share of global output. The dollar is used in more than half of all international trade and international borrowing, and it accounts for 57 percent of the reserves held by central banks. Such a disproportionately important role for the dollar could come into question with the creation of a single currency for "Euroland," the informal name given to the countries adopting the euro — Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Euroland has a larger population than the United States, and its gross domestic product is 77 percent the size of the U.S. economy.

The euro is likely to be used instead of the dollar for much of the commerce within Euroland and between the bloc and its major trading partners, such as Britain, Brazil and South Africa.

"The euro's rise will convert an international monetary system that has been dominated by the dollar since

See DOLLAR, Page 13



A crowd surrounding a giant euro symbol in a park in Frankfurt's banking district Friday, the day the currency was officially introduced.

At Currency's Birth, 3 Proud Fathers

Schmidt, Heath and Giscard Recall a Long and Difficult Gestation

By Craig R. Whitney
New York Times Service

HAMBURG — Twenty years ago, when he was chancellor of West Germany, Helmut Schmidt thought there would be a single European currency by the early 1980s. Instead, he is still carrying around six different kinds of money in his briefcase.

"I always have the German mark, English pounds, French francs, Swiss francs and Italian lire, plus American dollars, but I always end up just using credit cards," laughed Mr. Schmidt, who travels frequently as a publisher of the weekly newspaper Die Zeit.

But now he can write checks in euros, the common currency that 11 countries in the European Union are introducing, almost two decades later

than he and other European leaders had planned. And three years from now, he will finally be able to put euro notes in his briefcase.

The euro's introduction is a particular point of pride for Mr. Schmidt and two other prominent European leaders, Valéry Giscard d'Estaing, once president of France, and Sir Edward Heath, a former prime minister of Britain. The three men took some of the earliest steps toward a single currency, in the 1970s, and kept promoting the idea even when it lost its luster.

"It should have happened a lot earlier," said Mr. Schmidt, 80.

Indeed, it could have, said Sir Edward, 82, who negotiated the 1972 treaty that took Britain into the European Economic Community when he

was prime minister. Later that year, he and other European leaders endorsed a plan devised by Pierre Werner, then prime minister of Luxembourg, for a common European currency to combat the monetary instability caused by the collapse of the Bretton Woods system, which had been based on the dollar.

"We hoped then to have it done by 1980," he said, but the sharp rise in oil prices in 1973 derailed the project.

Mr. Giscard d'Estaing, now 72, and Mr. Schmidt, friends from the days when both served as finance ministers, tried to get monetary union back on the rails over drinks in Mr. Schmidt's lakeside cottage north of here in 1978.

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U.S. Is Ready for the Bug

Computer Glitch Is Looking Less Ferocious

By Rajiv Chandrasekaran
and Stephen Barr
Washington Post Service

WASHINGTON — With one year to go until the world's computers confront their electronic day of reckoning, a growing number of technology experts say large U.S. corporations and government agencies have dramatically increased the pace of their repair work and now appear to be on track to solve the year 2000 problem.

Many analysts still warn that next New Year's Day will not be trouble-free — many small U.S. companies, as well as many businesses and governments in other countries, have been paying only scant attention to the problem. But the specialists have become sanguine enough to dismiss doomsday

predictions of widespread power outages, telephone failures and grounded jetliners in the United States.

Confidence is up, they say, because of three key developments: Businesses and federal agencies that were lagging in their repair work early last year have redoubled their efforts in recent months; telephone and electric networks, which

are crucial to the operation of almost all large computer systems, are in better-than-expected shape, and technicians have found remarkably few date-related problems with the electronic circuitry in a host of other everyday devices, from subway cars to elevators.

John Koskinen, the chief year 2000 adviser to President Bill Clinton, predicts that the bug's impact will be similar to that of a powerful winter storm: minor inconveniences for many people and severe but short-term disruptions for some.

"We still don't know how many storms there will be, but the risk is localized storms, not national debacles," he said.

"I'm very optimistic that this is not the end of Western civilization as we know it," said Senator Robert Bennett, a Utah Republican who heads a special committee examining the issue.

The year 2000 problem, known as Y2K, stems from the fact that millions of electronic devices, whether they are mainframe computers that send out

Newsstand Prices

Bahrain	1,000 BD	Malta	55 c
Cyprus	€ 1.00	Nigeria	1250 Naira
Denmark	17 Dkr	Oman	1,250 QR
Finland	12.00 FM	Qatar	10 SR
Gibraltar	€ 0.85	Rep. Ireland	IR €1.10
Great Britain	UK €1.00	Saudi Arabia	10 SR
Egypt	£25 S.E.	U.A.E.	10,00 Dh
Jordan	1,250 JD	U.S. MIL (Eur)	\$ 1.20
Kenya	K SH 180	U.S. MIL (Eur)	\$ 1.20
Kuwait	700 Fils	Zimbabwe	Zim \$40.00



See Y2K, Page 13

AGENDA

Cape Town Bomb Leaves 2 Injured

CAPE TOWN (Reuters) — Two people were injured in a car-bomb explosion in Cape Town on Friday at a waterfront entertainment area where two people were killed in a pipe bomb blast last August.

"The explosion went off in a parking area at the entrance to the Victoria and Alfred wharf," a police spokesman said. "It appears to have been a car bomb." Cape Town has been the scene of clashes involving gangs and Muslim militants, and recently Muslims have protested U.S. and British air strikes against Iraq.

Texas Wins Bowl

Rookie quarterback Major Applewhite led the University of Texas to its first Cotton Bowl victory since 1982. He threw three touchdowns passes to lift the Longhorns over Mississippi State, 38-11. Page 18.

Growing Baby Bell

Bell Atlantic Corp., the largest U.S. local-telephone company, is negotiating to buy AirTouch Communications Inc. for \$45 billion in stock. Page 9.

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Republican on Impeachment Tightrope

Lott Presses for Speed, Angering Right Wing

By Thomas B. Edsall
Washington Post Service

WASHINGTON — In floating a trial balloon aimed at bringing a swift conclusion to impeachment proceedings, the leader of the Senate Republican majority, Trent Lott of Mississippi, has embarked on a risky political path that has already provoked the Republican right.

Mr. Lott is gambling that it is worth angering hard-line House members, his party's conservative wing and Republican activists in his home state to protect vulnerable Republican senators facing tough re-election fights in 2000, according to Republicans and Democrats involved in the process.

The majority leader has consulted with more than two dozen Republican senators in recent days as part of an outreach campaign that has had his "phone lines burning," in the words of an aide, but not yet produced a workable consensus on how Republicans will proceed with the politically incendiary impeachment issue when they return to Washington on Wednesday.

Adapting a bipartisan proposal crafted by Senators Joseph Lieberman, Democrat of Connecticut, and Slade Gorton, Republican of Washington, Mr. Lott hopes to encourage a speedy end to an impeachment drama that polls say the public long ago grew weary of by dividing the trial into two distinct phases.



President Bill Clinton teeing off on a golf course at Hilton Head, South Carolina, where he was attending the Renaissance Weekend retreat.

In the first phase, the Senate would hear the equivalent of opening arguments from House prosecutors and President Bill Clinton's defense team, then cast votes on whether the alleged offenses — even if true — warrant the president's removal from office. Only if two-thirds of the Senate voted "yes," which most vote-counters regard as unlikely, would the trial enter a second phase with a presentation of evidence. The most likely option, senators say, would be a motion to end the case with a resolution of censure against Mr. Clinton.

Critics of Mr. Lott's still tentative decision said it would allow Mr. Clinton to avoid a lengthy Senate trial and the embarrassment of direct testimony by

Monica Lewinsky and others, preventing an opportunity to make a more convincing case to the public of Mr. Clinton's culpability and the legitimacy of removing him from office.

Mr. Lott remains in seclusion from the press and his aides have little to say about the rationale of his impeachment strategy. Others, however, were not so reticent.

"This is very discouraging," said Clark Reed, a driving force in building the Mississippi Republican Party over the past three and a half decades and who is a close associate of Mr. Lott's. "Frankly, I'm torn my own

See CLINTON, Page 5

Kosovo Combatants Predict Collapse of Fragile Truce in '99

By Peter Finn
Washington Post Service

LAPASTICA, Yugoslavia — Sitting behind a black desk at the Kosovo Liberation Army headquarters here, a 27-year-old rebel commander known as Remi lit his Dunhill cigarettes with a camouflage lighter and issued his grim prediction for 1999.

"In the next year I expect to win and lose a lot of battles," said Mr. Remi, who buried two of his fellow ethnic Albanian soldiers Thursday. "But in the end, we will win the war."

A couple of miles away in the town of Podujevo, Milovan Tomcic, the Serbian mayor, sounded just as bleak.

"I am convinced 1999 will be as hard as '98," Mr. Tomcic said after leaving a meeting in the town hall with local men who have sent their wives and children to other parts of Serbia because of the recent clashes here in the northern part of this Serbian province.

The guns that over Christmas shattered a two-month truce between the separatist ethnic Albanian rebels and Serbian government forces have fallen silent. But after celebratory New Year's

Eve gunfire rang out across Kosovo on Thursday night, there was little optimism on either side that renewed warfare can be avoided.

"I think there has been enough blood spilled and killing," Mr. Tomcic said. "But the situation is very tense, very difficult."

Serbian civilians have fled villages around Podujevo in recent days and local officials have called on the government in Belgrade, capital of both Yugoslavia and its dominant republic of Serbia, to guarantee their security. "We have asked our country to intervene,"

Mr. Tomcic said.

The ethnic Albanian Kosovo Liberation Army, which began as a ragtag, peasant resistance movement, has after eight months of fighting become a high-tech, mobile guerrilla force, and come spring, it expects renewed conflict.

"The Serbian regime will attack us again," said Adem Demaci, the group's general political representative. "But the KLA has become a sophisticated force. They are working very energetically to prepare themselves."

Near here, on roads bathed in dense fog, the general sense of foreboding

found apt expression Thursday. A column of Serbian tanks and trucks carrying troops moved along the main roads between Pristina, the Kosovo capital, and Podujevo, 24 kilometers (15 miles) to the north. Serbian police, accompanied by armored vehicles, manned roadblocks at the entrances to Podujevo, which teemed with people who were moving about the streets before nightfall.

Down a small side road, about 180 meters from where the Serbian column passed, rebels wearing black uniforms and carrying automatic weapons and sniper rifles stood guard warily.

And in a stark vista in Pristina, heavily armed Serbian police moved along the main thoroughfare past children lined up to sit on the lap of a Santa Claus perched under a "Happy New Year" sign.

"I would assess the situation as still tense, but at the moment the agreement is holding," said Sandy Blyth, a spokesman for the Organization for Security and Cooperation in Europe, which negotiated an end to fighting between the parties Sunday after four days of clashes.

About 700 unarmed OSCE personnel have arrived in Kosovo to monitor an October cease-fire agreed to by Richard Holbrooke, the U.S. special envoy, and President Slobodan Milosevic of Yugoslavia.

The full force of 2,000 monitors is expected early this year.

The monitors' orange jeeps were recently visible in this area, sometimes parked down the street from Serbian police checkpoints.

But in the rebel stronghold here, the war that ripped Kosovo apart this summer, leaving more than 1,000 dead and tens of thousands of people homeless, seems only in temporary abeyance. Most victims of the fighting were ethnic Albanians.

For 3 kilometers along a barely passable dirt road, knots of guerrillas, some wearing wool hats with the letters FBI emblazoned across the front, stood on ridges and emerged from abandoned farmhouses toting their weapons.

Further along what at times becomes a track across fields, stood a two-story, cream-colored house, the regional Kosovo Liberation Army headquarters. It was this dwelling that government forces attempted to take in a two-pronged attack Christmas Eve that was repulsed.

For days after, the guerrillas and Serbian forces exchanged fire, leaving at least 14 people dead, including Serbian and Albanian civilians.

Each side blamed the other for starting the clashes, but William Walker, the U.S. ambassador heading the OSCE verification mission, said both were spoiling for a fight.

In his second-floor office, Mr. Remi, the guerrilla commander, held forth on the rebels' growing military strength. "We have everything," said Mr. Remi when asked if the rebels had used 120mm mortars in the recent clashes with Serbs. "And we are getting weapons from everywhere."

He stood up and walked over to the corner of the room, pulling out a handheld 44-millimeter mortar from under some fatigues. "This is from Ireland, Northern Ireland," he said.

Beside him, as he spoke, sat a satellite phone on which he occasionally took calls. Downstairs, the headquarters held computers, fax machines and its own electric generating system. Just outside, off-train vehicles had Kosovo Liberation Army license plates.

Mr. Demaci, the rebels' political representative, said that in recent months the guerrilla group has recruited ethnic Albanians who fought in the Bosnian War and that now 70 percent of its volunteers had military experience — up from 30 percent in the summer.

Mr. Remi said he fought with the Yugoslav Army in Croatia, smiling wryly at the irony of being trained by his enemy.

Ex-Hostages Arrive in U.K. After Nightmare in Yemen

Compiled by Our Staff From Dispatches

LONDON — Nine Western tourists flew into London on Friday night, three days after being freed from their Islamic extremist kidnappers in Yemen in an army rescue that left four hostages dead.

The former hostages, eight Britons and one Australian, flew from Yemen to Britain via Paris with a British tour leader who had escaped when the abduction took place Monday.

With questions still being asked about the heavily criticized rescue operation in which four hostages died, Yemen's ambassador in London was summoned to the British Foreign Office for the second time in two days for talks on just exactly what happened.

A Foreign Office minister, Joyce Quin, paid tribute to the returning hostages, saying: "The whole nation is appalled by the deaths and injuries inflicted on the innocent victims of this week's horrific kidnap in Yemen."

She pleaded for the survivors and their relatives to be given privacy and a time to grieve. Ms. Quin also pledged: "Our efforts continue unabated to establish precisely what happened and to bring those responsible for this atrocious crime to justice."

Officials have said that the British government would be very concerned if it turned out that its advice to seek a negotiated solution to the kidnap saga had been ignored.

A little-known guerrilla group calling itself the Aden-Abyan Islamic Army took responsibility for the kidnappings and blamed the government for the hostage deaths.

Three Britons and an Australian were

killed in Tuesday's rescue operation. The dead are Ruth Williamson, 34, Peter Rowe, 60, and Margaret Whitehouse, 52, of Britain, and Andrew Thirk, 35, of Australia.

Three other survivors, Mary Quin of New York state, Claire Marston of Britain and an unidentified American woman, remained in Yemen. Ms. Quin was expected to fly out Friday night.

Yemeni officials insist that troops stormed the desert hideout Tuesday because the kidnappers had begun killing their 16 Western hostages — a claim disputed by some of the surviving hostages, who say the kidnappers started killing after the troops opened fire.

Britain has sent four detectives to Yemen and Australia has sent a senior diplomat to press for details on the shoot-out. The FBI was also sending a team to investigate.

Scores of tourists have been kidnapped in Yemen in recent years by tribesmen seeking handouts from the government, but in most cases they have been treated well and released unharmed and until Tuesday no hostage had been killed.

Ms. Quin, 45, told Associated Press Television News that she escaped during the rescue operation by wrestling with a wounded kidnapper for his Kalashnikov rifle.

As the hostages stood in the desert as human shields for the kidnappers, a militant grabbed her by the back of her shirt and put his gun against her back.

"We walked out a few hundred yards," she said, with "the gun at my back. I suddenly felt that the gun was gone. I couldn't feel it against my back."



BOSNIA VISIT — Defense Minister Alain Richard of France speaking Friday with two French soldiers in Mostar. He paid a one-day visit to troops serving with the NATO-led Stabilization Force.

I looked down and he was lying on the ground behind me, and I realized in that instant that he had been shot."

Ms. Quin said she decided to make a run for it, but recognized that the kidnapper could shoot her.

"So I bent down and grabbed the barrel of the gun that was lying on the ground next to him. He was holding the other end of it. We ended up pulling it off each other for a short time and then I

just kicked him in the face and stomped my foot down on his head and that gave me leverage."

"As soon as I had the gun I just ran as fast as I could toward the soldiers and apparently — I wasn't really conscious of it — the terrorists were firing at me."

Ms. Quin said that when she got close to the troops, they gestured for her to lie down and gave her a thumbs-up signal. (AP, Reuters)

Robert S. Johnson, World War II Ace, Dies at 78

By Richard Goldstein
New York Times Service

NEW YORK — Robert S. Johnson, 78, a U.S. 8th Army Air Force fighter pilot who shot down 28 German planes in an 11-month span during World War II and then came home to a hero's welcome from President Franklin D. Roosevelt, died Dec. 26 in Tulsa, Oklahoma. He was the second-leading American ace of the war in Europe.

The cause of death was not immediately known.

Protecting Flying Fortress bombers on their missions deep into Germany in his barrel-nosed P-47 Thunderbolt fighters, Mr. Johnson was the second World War II fighter pilot to break the U.S. record of 26 air "victories" set by Captain Eddie Rickenbacker in World War I. He accomplished that feat when he knocked down two Luftwaffe fighters near Brunswick, Germany, on May 8, 1944, on his final mission.

His squadron commander in the 56th Fighter Group, Lieutenant Colonel Francis Gabreski, was the only U.S. fighter pilot in Europe with more "kills," having shot down 28 German planes and destroyed three more on the ground. Major Richard Bong of the Army Air Force, the first pilot to break Captain Rickenbacker's mark, was the leading American ace of the entire war, downing 40 Japanese planes.

On June 6, 1944, — the date of the D-Day invasion — Mr. Johnson was flown back to the United States for a new mission: selling war bonds, exhorting factory workers to greater feats of production and bucking up homefront morale in the face of heavy air-war casualties.

Colonel Gabreski would recall how Mr. Johnson had "phenomenal eyesight."

"There were some guys who just seemed to have an uncanny knack for seeing things before anyone else did,"

Colonel Gabreski wrote in his memoir "Gabby" (Orion, 1991). "His eyes were very keenly tuned to the sky. If he looked into a certain area and enemy aircraft were there, he saw them ahead of the rest of us."

Mr. Johnson, who was born in Lawton, Oklahoma, became fascinated by planes as an 8-year-old the day he perched on his father's shoulders at Post Field near Lawton and watched three World War I fighters perform stunts. "Then and there I changed my goal from cowboy or railroad engineer to army aviator," he recalled.

Remembering his fighter-pilot days, Mr. Johnson once observed: "I was always scared — that was what made me move quick."

Johnny Moore, 64, Lead Singer of The Drifters

LONDON (AP) — Johnny Moore, 64, lead singer of the American pop group The Drifters in the 1960s, has died

in London, news reports said Friday.

Mr. Moore, whose high tenor voice was heard most famously in "Under the Boardwalk," had moved to England after the group had a string of hits in Britain in the mid-1970s, The Daily Telegraph said.

He died Wednesday while on his way to a hospital in London, The Guardian reported. No cause of death was given.

The Drifters were formed in 1953 and still tour, but there have been a number of changes in the makeup of the group.

Anita Hoffman, 56, who aided and abetted her Yippie husband, Abbie Hoffman, in his anti-establishment protests and pranks and then sustained him through her letters during his years as a fugitive, Dec. 26 of breast cancer.

David C. Adams, 85, a former chairman of the National Broadcasting Co. and member of its board of directors, Dec. 27 in Ossining, New York.

TRAVEL UPDATE

Arc de Triomphe Reopens

PARIS (AP) — The Arc de Triomphe has reopened to the public as striking workers at the monument reached a deal with management over wage demands and the hiring of more staff, union officials said. The stone arch at the head of the Avenue des Champs-Élysées had been closed for five days before reopening Thursday.

U.S. Warns on Ethiopia

WASHINGTON (AP) — The U.S. State Department has warned Americans to "consider carefully" traveling to Ethiopia, where a seven-month border dispute with Eritrea continues to result in armed conflict. The department said Americans currently

in Ethiopia should continue to monitor the situation closely and periodically review their personal security.

Volcano Alert in Ecuador

WASHINGTON (Reuters) — The United States has warned Americans traveling in Ecuador to beware of a big rise in activity at the Guagua Pichincha volcano. The U.S. Embassy in the capital, Quito, said the volcano had "exhibited a significant increase in the number of tremors and an accompanying rise in magma."

British Airways is conducting tests on luggage tags equipped with a silicon chip. The airline says the disposable computerized paper baggage labels could speed movement of luggage and prevent bags from going to the wrong destination. (AP)

Visitors to Brazzaville were advised by France that the capital of the Congo Republic was calm but still tense after clashes between government forces and opposition militia. Air France is to resume service to Brazzaville on Saturday. (Reuters)

Snowstorms swept across areas of northern Portugal while high winds and driving rain caused the closure of Faro's international airport on the country's southern coast Sunday. (AP)

WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.

Europe				North America				Asia			
City	High	Low	Wind	City	High	Low	Wind	City	High	Low	Wind
Algeria	64	48	W	Atlanta	70	50	W	Beijing	64	48	N
Amsterdam	54	44	W	Boston	60	40	W	Bombay	84	68	E
Antwerp	54	44	W	Chicago	58	38	W	Bangkok	84	68	E
Athens	64	48	W	Columbus	58	38	W	Calcutta	84	68	E
Bahia	74	54	W	Dallas	58	38	W	Chengdu	64	48	N
Bangkok	84	68	E	Denver	58	38	W	Chongqing	64	48	N
Barcelona	64	48	W	Detroit	58	38	W	Guangzhou	64	48	N
Berlin	54	44	W	Houston	58	38	W	Harbin	64	48	N
Bombay	84	68	E	Los Angeles	58	38	W	Hong Kong	64	48	N
Buenos Aires	64	48	W	Madison	58	38	W	Kobe	64	48	N
Calcutta	84	68	E	Memphis	58	38	W	Manila	64	48	N
Chengdu	64	48	N	Minneapolis	58	38	W	Osaka	64	48	N
Chongqing	64	48	N	Montreal	58	38	W	Seoul	64	48	N
Columbus	58	38	W	New York	58	38	W	Singapore	84	68	E
Concord	58	38	W	Phoenix	58	38	W	Taipei	64	48	N
Copenhagen	54	44	W	Portland	58	38	W	Tokyo	64	48	N
Dallas	58	38	W	San Francisco	58	38	W	Yokohama	64	48	N
Denver	58	38	W	Seattle	58	38	W				
Detroit	58	38	W	Spokane	58	38	W				
Guangzhou	64	48	N	St. Louis	58	38	W				
Harbin	64	48	N	Tampa	58	38	W				
Hong Kong	64	48	N	Wichita	58	38	W				
Kobe	64	48	N	Winnipeg	58	38	W				
Los Angeles	58	38	W								
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Gore Makes It Official: He Will Run in 2000

A Scramble for Campaign Funds Lies Ahead

By Ceci Connolly
Washington Post Service

WASHINGTON — With no fanfare late New Year's Eve, Vice President Al Gore filed papers to officially become a candidate for president in 2000.

The documents filed with the Federal Election Commission formally create the Gore 2000 committee and allow the Tennessee Democrat to raise money, hire staff and campaign across the country.

The move also indicates that Mr. Gore is eager to display what many expect will be his greatest strength in the Democratic primaries: a strong fund-raising machine with the potential to gather money before other contenders can get to it.

Craig Smith, a former White House political director who will be Mr. Gore's campaign manager, said Thursday that it would be foolish to allow potential Democratic candidates, such as Senator Paul Wellstone of Minnesota and former Senator Bill Bradley of New Jersey, to

get a jump on the money-raising contest that is likely to dominate 1999.

"They're out there raising money and we're not," Mr. Smith said, noting that both of those men had taken the preliminary step of forming exploratory committees that allow them to test the waters without going as far as Mr. Gore did Thursday.

Candidates for 2000 need to raise about \$25 million in 1999, according to several analysts. That means collecting about \$68,000 a day every day of this year.

Unlike in previous years, when candidates could use a victory in Iowa or New Hampshire to generate more money, the newly revised primary schedule makes it virtually impossible for campaigns to raise money in 2000. "By the middle of March, for all intents and purposes, the nomination will be almost finished," Mr. Smith said, citing decisions by California, New York and several other states to move up their primaries.

Although Gore aides played down the commission filing as routine paperwork, the legal step begins a flurry of activity that includes hiring staff, renting an office and scheduling purely political trips that could not be paid for with taxpayer money.

Aides expect the vice president to begin fund-raising trips within the next couple of months. He also will tap the campaign bank account whenever he meets with political supporters outside Washington.

Mr. Gore's likely fund-raising prowess comes with a price. The cautious vice president found his image tarnished in the last campaign by charges that he improperly raised money at a Buddhist temple and personally made solicitation calls from the White House.

Attorney General Janet Reno has twice rejected entreaties to appoint an independent counsel to investigate Mr. Gore's role in the 1996 fund-raising.

Mr. Smith said Mr. Gore was taking extra steps to run a clean money operation. "We've already got lawyers working on guidelines, rules and vetting procedures," he said.

Even in its embryonic state, the Gore candidacy is essentially a traditional front-runner's pitch for the status quo.

Members of the vice president's inner circle have argued for months that in the 2000 campaign Mr. Gore will be the beneficiary of the overwhelming public support for President Bill Clinton — despite the Monica Lewinsky scandal — and the thriving economy.

"The vice president's defense of the president has been something that has cemented his support among the party's base and been a source of support building for him," one Gore political adviser said. "The overall political impact has been to rally loyalists to the vice president."

In many respects, Mr. Gore has been running for president since the day Mr. Clinton won a second term. Last year, the vice president campaigned for more than 67 Democrats, participated in 123 fund-raisers and gave \$1.3 million from his own political action committee to Democratic candidates, according to a report prepared by his staff.

In addition to Mr. Bradley and Mr. Wellstone, Senator John McCain, an Arizona Republican, has formed an exploratory committee.

That step enables them to pay for polls, travel and other things that help them decide whether to run. Under election commission regulations, an exploratory committee may not amass money for a presidential campaign.

Several other potential candidates are expected to declare their intentions in the new year, including Senator John Ashcroft, a Republican from Missouri, George Bush, the Republican governor of Texas, the publishing heir Malcolm (Steve) Forbes, former Vice President Dan Quayle and Senator John Kerry, a Massachusetts Democrat.

Brazil Slashes Funding for Rain Forest

By Diana Jean Schemo
New York Times Service

RIO DE JANEIRO — Under intense pressure to reduce its spending, the Brazilian government has slashed funds toward a \$250 million pilot project backed by seven leading industrial nations that has been the centerpiece of Brazil's efforts to save the Amazon rain forest.

Environmentalists warn that without Brazil's participation, the project stands to lose almost all the donations yet to come from the Group of Seven industrialized nations.

Under the main agreement, approved at the 1992 Earth Summit here, Brazil was to provide just 10 percent of the \$250 million.

The pilot program pays for surveying the rain forest, and it has been the principal vehicle for marking off 104,000 square kilometers (40,000 square miles) for indigenous reservations.

Surveying what is in the vast, mysterious rain forest is seen as the first step toward protecting it from destruction by ranchers, loggers, farmers and miners.

Under pressure to rein in its budget deficit, Brazilian government officials have slashed spending across the board. A recent agreement with the International Monetary Fund, which is spearheading a \$41.5 billion standby loan for Brazil, reduces government spending on environmental programs by two-thirds.

Under the pilot program, the Brazilian government provides matching funds and manpower to administer the Group of Seven grant.

The government's revised budget, released in November, cuts the amount Brazil can expect to get from the group to \$6.4 million from more than \$61 million.

"It is arguably a far more irrational and perverse consequence of the IMF agreement than even the harshest critics of the IMF could have imagined," said Stephan Schwartzman, a senior scientist at the Washington-based Environmental Defense Fund.

Covering an area half as big as the continental United States, the Amazon is a lush laboratory of plants, animals and bacteria that contains more than 20 percent of the world's fresh water supply.

Justice Opposes Federalizing Of State Crimes

Washington Post Service

WASHINGTON — Demanding a fundamental change in America's crime-fighting strategy, Chief Justice William Rehnquist has called on Congress to halt the politically popular practice of enacting federal laws against an ever-growing number of crimes once handled in state courts.

In his year-end report on the federal judiciary, Justice Rehnquist said that the trend toward making crimes once handled in state courts into federal offenses "threatens to change entirely the nature of our federal system."

The chief justice was unusually blunt in questioning the motives behind recently enacted statutes that have made federal crimes out of misdeeds ranging from carjackings to failure to pay child support. While Justice Rehnquist has occasionally expressed concern about the growing jurisdiction of the federal courts, his new report is by far the most explicit and represents his first formal complaint to Congress on behalf of the federal judiciary.

Legislators and others who follow the courts said the issue appeared certain to frame legislative debate this year. Justice Rehnquist put the blame squarely on Capitol Hill, saying, "Congress has contributed significantly to the rising caseload by continuing to federalize crimes already covered by state laws."

Away From Politics

Police and fire investigators in San Francisco have safely removed an assortment of bomb-making materials, including 250 pounds (115 kilograms) of the type of fertilizer used in the Oklahoma City bombing, from a Pacific Gas & Electric Co. service center and took an employee of the company into custody. (NYT)

Environmentalists who believe low-flying Border Patrol helicopters threaten the survival of a rare type of antelope in southern Arizona have filed a lawsuit charging that the agency failed to provide records on the ecological effects of its activities. (LAT)

New York was not the city that recorded the most killings last year, officials said. Chicago had more homicides — 697, compared with New York's 628. (NYT)

A self-employed accountant was arrested and charged with claiming an amount had been released in U.S. Bankruptcy Court, one of nearly two dozen such cases in Southern California over the past several months. (LAT)

An airline industry group issued a crime alert to Southern California travel agents amid a string of armed robberies in which gunmen have made off with thousands of blank tickets. (LAT)

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Hillary Rodham Clinton shaking hands with Siler Littleton, 7, as she took a stroll along the beach on Hilton Head Island, South Carolina.

Clinton Picks Golf Over Gab

HILTON HEAD, South Carolina — When the choice came down on this bright cool day to golf or heartfelt indoor gab, President Bill Clinton, who has not had much recreation lately, made his preference clear.

On his 15th visit to the annual Renaissance Weekend retreat, he spent almost six hours on the golf course and about 90 minutes answering questions about subjects like the euro, biological warfare and voter turnout, with guests 13 to 25 years old.

All seminars held during Renaissance Weekend are off the record, and reporters were not admitted to Mr. Clinton's session Thursday evening.

But a White House spokeswoman, Amy Weiss, said the subject of impeachment never came up.

She said the final questioner in the audience of about 125 people asked Mr. Clinton what he had learned about life.

She said he replied that "he's more optimistic than when he took office in 1993 about the capacity of the American people to make changes and the ability of the government to help people improve their lives."

In all, about 365 seminars are being held by the businessmen, politicians, journalists, academics and others who have assembled on this island for five days of highbrow chatter and aggressive networking.

So far, Mr. Clinton has skipped all the planned sessions, on matters from searching the soul to fattening the portfolio. Mr. Clinton had suggested the one he led Thursday evening. (NYT)

States Show Robust Health

WASHINGTON — Cautious spending and a robust national economy have left virtually all the

states in solid financial condition for the fifth year in a row, according to a fiscal survey.

The healthy U.S. economy has allowed the states to give taxpayers the largest projected aggregate tax cuts by state governments in five years, \$7 billion for the 1999 fiscal year.

A total of 29 states have reduced one tax or another.

But the authors of the report, the National Governors' Association and the National Association of State Budget Officers, warned that the rosy present faces important challenges in the future.

In addition to an uncertain national economy, they amplified the warning that many state officials have been sounding, namely that states are confronting the projected loss of billions of dollars in tax revenues to the sale of goods through mail-order purchases and the Internet.

"The revenue loss is not huge now," Raymond Scheppach, executive director of the governors' group, said at a news conference where he discussed the latest Fiscal Survey of the States, a report that is published twice a year.

"But it is growing very, very rapidly. If we don't correct the problem, it will virtually lead to the collapse of state sales taxes." (NYT)

Quote/Unquote

Senator Fred Thompson, a Tennessee Republican who served as a Senate committee lawyer during the Watergate hearings, on the attempt by the Senate majority leader, Trent Lott of Mississippi, to speed up the trial of President Bill Clinton: "It's beginning to appear that there's an effort to cut this down to a very short period of time at all costs. It's important that we not try to jury-rig some kind of process that will solve our short-term political problems, but might not do justice to our obligations." (NYT)

China Stole Nuclear Secrets, House Panel Charges

By John Mintz
Washington Post Service

WASHINGTON — A classified report by a committee of the U.S. House of Representatives examining transfers of American technology to China focuses in part on allegations that Beijing developed the neutron bomb in the late 1980s after Chinese spies stole technology from a U.S. Energy Department laboratory, according to congressional sources.

The committee, headed by Representative Christopher Cox, Republican of California, also found that Chinese spies had continued to harvest classified nuclear secrets at U.S. weapons laboratories by taking advantage of lax security. It recommended in its 700-page report that the Energy Department tighten security at the three national nuclear labs, the sources said.

Newspapers first reported in 1990 that U.S. officials had determined that Chinese agents had stolen neutron bomb data from Lawrence Livermore National Laboratory in California around

1986. Reports cited an FBI investigation of the spy operation, which apparently yielded no indictments.

China reportedly detonated its first neutron bomb, a high-radiation nuclear device that kills people while doing minimal damage to property, in an underground explosion at a remote weapons test site in western Xinjiang Province in 1988.

The committee report, submitted to congressional leaders and the administration of President Bill Clinton this week, echoes criticism of the labs' security procedures leveled by numerous other U.S. government reviews over the past decade.

The General Accounting Office concluded last year that Chinese and Russian engineers who visit the labs on scientific exchanges at the behest of their governments' spy agencies have little difficulty obtaining access to classified information.

Sandia and Los Alamos laboratories in New Mexico conduct background investigations of only 1 percent to 2 percent

of the visitors from "sensitive" countries such as China and Russia, the accounting office said. The foreign engineers apparently often find sensitive data lying unguarded in hallways, and frequently are allowed to roam unescorted 24 hours a day through restricted areas.

The visiting delegations often receive briefings on sensitive topics without the knowledge or approval of the laboratories' managers. In one instance, a lab newsletter containing classified data was sent to foreign nationals, the accounting office said.

Foreign engineers had discussions with lab personnel about such sensitive topics as hydrodynamics codes, which are used in computer simulations to model nuclear explosions; inertial confinement fusion, a technology employed in designing nuclear weapons, and ways of detecting secret nuclear tests in foreign countries, the accounting office said.

"The high number of foreign visitors, as well as some recent investigative cases involving foreign nationals at laboratories, have increased

concerns that the laboratories are targets of foreign espionage," the report said.

Democrats on the congressional panel pointed out in closed sessions that the inadequacies in Energy Department security did not begin with the Clinton administration, which has come under criticism for loosening safeguards that prevent unauthorized technology transfers abroad, sources said. Chinese agents are alleged to have found the neutron bomb data during the administration of President Ronald Reagan.

In the mid-1980s security at Lawrence Livermore "was lax, and various delegations — composed ostensibly of Chinese scientists — had visited the facility without appropriate background checks," according to a 1994 book, "Chinese Intelligence Operations," by an official of the Defense Intelligence Agency, Nicholas Efthymiades.

The FBI investigation determined that several of the visiting scientists had ties to the Ministry of State Security, China's spy agency, or were intelligence officers, the book said.

Beijing Denies U.S. Charges Of Espionage

By Henry Chu
Los Angeles Times Service

BEIJING — The Chinese government has sharply denied allegations that it mounted a "serious and sustained" effort over the past 20 years to obtain militarily useful U.S. technology.

"The allegation is groundless and irresponsible," said Zhu Bangzao, a Foreign Ministry spokesman. "We express our strong resentment over this."

Mr. Zhu's statement came in response to a U.S. congressional committee's report this week accusing China of a persistent campaign to acquire technology that could be used to bolster its military strength. Beijing's methods, the bipartisan panel contended, included both overt means, such as knowledge-sharing between Chinese and U.S. aerospace companies, and covert means, such as espionage.

The issue is likely to further chill the two countries' relations, which have deteriorated since President Bill Clinton's visit to China in June.

Beijing has consistently maintained that it has no ill designs on U.S. technology, although it has enviously eyed American military capabilities for years.

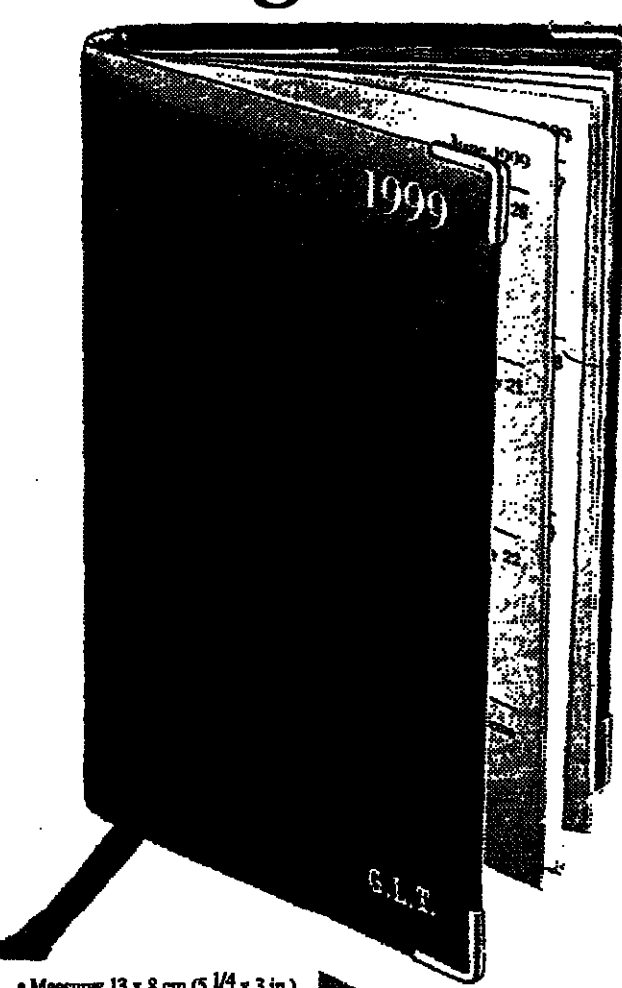
China's armed forces are among the most backward and ill-equipped among major nations. The government has pledged to overhaul them into a modern fighting force.

In the report, the congressional panel made 38 recommendations to prevent sharing of sensitive technology — including tighter export controls, which could curb Chinese-U.S. trade.

Mr. Zhu said trade and the normal exchange technology "is in the interest of both sides" and urged the United States to continue such efforts.

Relations between the most populous nation in the world and the most powerful one have come under increasing strain as Washington has protested the decision by Chinese courts to imprison several dissidents after the men tried to set up an opposition party.

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No Holds Barred as Netanyahu's Character Takes Over as Issue in Israeli Vote

By Deborah Sontag
New York Times Service

JERUSALEM — Israelis joke that there is a country of 6 million people, 6 million cell phones and now, 6 million candidates for prime minister.

Every time Prime Minister Benjamin Netanyahu turns around, he faces a potential new rival, not from the left but from his own cabinet, after Environment Minister Rafael Eitan on Wednesday became the fourth rightist candidate to throw his hat into the ring.

Already, the campaign feels like a public family feud, and political experts are wondering whether it is wise to subject the country a five-month campaign.

"It's difficult to justify the two big parties' intention of postponing elections until May," Yosef Lapid wrote in the newspaper *Me'ariv*. "It is in the national interest to finish this matter quickly, efficiently and elegantly."

Israeli law dictates that when a government falls, it must be replaced within 60 days. But Mr. Netanyahu and the opposition Labor Party struck a deal to dissolve rather than topple the government, allowing them to negotiate an election date, now set for May 17, with a probable runoff on June 1. The date is still subject to approval by Parliament.

During this period, the national budget, secular-religious relations, the war in Lebanon and the Israeli-Palestinian peace effort will hang like punch-

ing bags in the election free-for-all.

That is not to say that this has started out as an issues-oriented race. So far, the only lightning rod for debate has been Mr. Netanyahu's character, and all gloves have been off.

But the major issues cannot be frozen in time, and so decisions will be made by a government in the midst of a slow-motion dissolve.

For months, as Mr. Netanyahu's government was teetering, the threat of being toppled hung over the prime minister's every move. Last week, when he cast one of 81 votes to disperse the government, the situation had reached farcical proportions: there were three different bills on the floor, each with a separate no-confidence motion attached

by a different faction. It was legislation by blackmail: Pass this bill or we bring down the government.

Now, the threat would seem to be moot, but the bartering continues, in the context of the campaign. For instance, the head of Parliament's Finance Committee, knowing that most candidates want to woo religious Jews, is promising to hold budget legislation hostage by tying it to an issue important to strict Orthodox factions. Avraham Ravitz, the Finance Committee chairman and head of the United Torah Judaism faction, said he would not bring the budget legislation to its next reading until Parliament approves a bill that in effect bans Reform and Conservative Jews from serving on the country's all-powerful religious councils.

The bill, which is an attempt to circumvent a high court order to integrate the religious councils, passed by a thin margin, on its first reading Monday night, drawing fierce criticism from Reform and Conservative Jewish leaders here.

For Mr. Netanyahu, the race is between him and "the left," a term he uses as a slur and has so far attached to three fairly middle-of-the-road establishment figures — Ehud Barak, the Labor Party leader and former army chief of staff; Amnon Lipkin-Shahak, another former chief of staff, who is expected to announce his candidacy as a centrist next week; and Dan Meridor, of the Likud Party, who defected last week to run as a centrist candidate, too.

But it is the vicious internal combat

that most threatens Mr. Netanyahu at this point in the race. The question of the moment is who will be faithful to Mr. Netanyahu. Yitzhak Shamir, a former Likud Party prime minister, set the tone at the beginning of the week by pronouncing Mr. Netanyahu an "angel of destruction," presiding over the disintegration of the Likud.

Yitzhak Mordchei, the defense minister, is still on the fence, weighing a defection to Mr. Shamir's yet-unformed centrist party, in what would be a blow to the prime minister's candidacy.

And David Levy, a former foreign minister under Mr. Netanyahu, is reportedly set to join Mr. Barak on the Labor Party list only weeks after negotiations broke down with the prime minister about rejoining his cabinet.

Even Ariel Sharon, the foreign minister, who has stood fiercely by the prime minister's side as his most powerful ally, wavered a bit when asked if he would ever seek to be the country's leader.

He would consider running for prime minister "under certain conditions," he said on a talk show, but did not elaborate. Some speculated that he might be tempted to jump in and take over the Likud if Mr. Mordchei falls out.

So far, the three rightist candidates who have declared their candidacies do not present a significant threat to Mr. Netanyahu, although they would leech support from him. They are Uzi Landau, a member of Parliament who is challenging Mr. Netanyahu from within the splintering Likud; Benny Begin, a geologist and ultranationalist who left the Likud in disgust; and Mr. Eitan, a former army chief of staff and leader of the far-right Tsomet faction.

But they reflect a key problem that lies ahead for Mr. Netanyahu, even if he surmounts the divisions on the right to emerge as its candidate.

While he may have retained the support of the street, he has lost the trust of most of the rightist leadership. And it is not chiefly ideological; it is not that he signed the land-for-peace plan with the Palestinians. It is personal.

Netanyahu Shrugs Off Polls

Mr. Netanyahu on Friday shrugged off polls predicting he would be ousted in the elections and pledged to lead his Likud party to victory, Reuters reported.

"I always lose the elections in polls and win in the vote. That's how it will be this time as well," Mr. Netanyahu, 49, told Israeli radio after the latest survey showed he would lose in a runoff vote against any of his three main challengers.

According to the poll, conducted by the Dahaf Institute, none of the candidates would get the 50 percent of the vote required to win in the first round, forcing a runoff between the two top candidates. If Mr. Netanyahu were to face Mr. Barak in the second round, 40 percent of respondents said they would back him, while 45 percent would back Mr. Barak.

Congo Rebels Shifting Headquarters

Insurgents Hope to Bolster the Meager Popular Support for Uprising

By Ian Fisher
New York Times Service

KISANGANI, Democratic Republic of the Congo — This city at a bend in the Congo River will soon become the new rebel headquarters, in a move that concedes a reality no one bothers to hide anymore: The rebellion may control ever-growing chunks of Congo, but it remains deeply unpopular with the people.

It is not hard to see why. The other evening Sadiki Tabou, 33, who washes cars for a living and does not make much money, was reduced to planting a table-sized plot in an inconspicuous place: next to Kisangani's port, which has been closed since the rebellion began in August and is thus empty of the flour, dried fish, salt and oil that normally float up the river in huge barges.

"I would like to get some work and eat two times a day," Mr. Tabou said. "But that's not happening."

The rebels' move to Kisangani — closer to the center of Congo than their current headquarters in Goma at the far eastern border — is just one step they hope will help win the hearts and minds of the Congolese. Their failure to gain much support after nearly five months, they increasingly acknowledge, has weighed down their drive to overthrow President Laurent Kabila, who took office in 1997 after a similar

war and is not very popular either.

In fact, the rebel leader Ernest Wamba dia Wamba has been pushing for a negotiated settlement to the war — in part because he says he is worried that certain elements of his own rebellion, particularly soldiers, might forget their promises of democracy if they won by military might alone.

"There will be these limitations of the victors feeling like they are the bosses, and nobody else should be around," said Mr. Wamba dia Wamba, president of the Congolese Rally for Democracy. "For us, the important thing, the crucial thing, is political victory."

Though the rebels tried at first to minimize their popularity problems, there has been no hiding it. They tried early on to reach out to student groups and tribal leaders in the territory they now hold — perhaps a third of the country — with minimal success.

That failure, some experts say, has irritated Uganda, which along with Rwanda is backing the rebels with troops and other military support. There is much speculation that Uganda has become friendly with a second rebel group, led by Jean-Pierre Bemba, a businessman and son of one of the richest men in Congo, looking to broaden the appeal of the drive to overthrow Mr. Kabila.

Mr. Wamba dia Wamba, who has been hostile to the idea of a second rebel

force, said his group planned to repair the road from Kisangani to Bunia, 550 kilometers (340 miles) northeast and across Lake Albert from Uganda. That would provide work as well as create a route for goods that have stopped coming upriver and now must arrive by air. He said the rebels also were planning sanitation projects, mostly to provide clean water.

The rebels have also been reaching out to other groups opposed to Mr. Kabila. They appear to have forged a deal with a fierce but fickle faction in eastern Congo: the Mayi-Mayi, a loose group of perhaps thousands of warriors who have fought both for and against Mr. Kabila.

Serge Mukendi, secretary-general for the Workers and Peasants Movement of Congo, which purports to represent a large faction of the Mayi-Mayi, said the rebellion needed to persuade people that it was a genuine force of Congolese hungry for deep change.

"We need to clean it — dry and sunshine — so it will smell good again," said Mr. Mukendi, who added that he had once worked as an organizer at a hospital union in New York.

He said that until now the rebellion had been too tightly associated with its foreign backers, especially Rwanda. Rwandans are strongly disliked in much of Congo, partly because of hostility to the Tutsi ethnic group, which governs Rwanda.

More concretely, Mr. Mukendi said, many people hold Rwandan soldiers responsible for much of the killing in the rebellion that brought Mr. Kabila to power. In that fight the Rwandans and Ugandans backed Mr. Kabila the same way they are backing his opponents now.

Mr. Kabila has bolstered his popularity by casting the rebellion as an invasion by forces from Uganda and Rwanda. That widespread view has helped draw in still more foreign soldiers — from Zimbabwe, Angola, Namibia and Chad — to defend Mr. Kabila's government.

Here in Kisangani it is far from clear that the rebels' plans are ambitious enough to win them much support. Timing is part of the problem. The city, which residents say was looted when Mr. Kabila took power, is not happy about another war. In addition, it was easier for Mr. Kabila because he was fighting Mobutu Sese Seko, who had ruled the country, then called Zaire, for 32 years.

"The first war," Mr. Wamba dia Wamba said, "all you have to do is say, 'Mobutu has to go.' Everybody says, 'Hoorya.' But the second war you say, 'Kabila has to go,' and they say, 'Why didn't you give him a chance?'"

Perhaps most important, though, the war has brought tremendous hardship to Kisangani.

Commerce has all but halted. Food prices have soared. Medicine is hard to come by, said Dr. Soki Um-Lay, 42, medical director of the Kisangani public hospital. He recently led a tour of the grounds, passing first through a ward with 30 children suffering from malnutrition, an affliction that he said had started only with the current rebellion.

Several were soldiers' children. He stopped in intensive care to talk with Garcon Mbale, 34, a former domestic worker who has wasted away to near nothing and looked away when asked what was making him sick.

Dr. Um-Lay said the doctors at first assumed Mr. Mbale had AIDS.

"We tested him, and he doesn't," he said. "All he needs is food."



RAMADAN'S END — Two men flashing a victory sign as they joined worshippers leaving the Temple Mount in Jerusalem after prayers Friday marking the end of the Muslim holy month.

TRIAL: Cambodia Chief Switches Signals

Continued from Page 1

Monday by appearing to oppose a trial, saying, "If a wound does not hurt why should we poke it with a stick to make it bleed?"

His statement Friday suggested that he had been affronted by an inquiry that branded him as soft on the Khmer Rouge. It has been a point of pride for him that he has consistently opposed the movement from which he defected in 1977 and that he has played a major role in its defeat.

He said his first priority had been to secure the surrender of Khmer Rouge leaders, bringing peace to his country for the first time in a generation. Next on the agenda is the question of how to proceed with an accounting, he said, sounding very much as if he did intend to proceed with a trial.

"What type of court should be set up, national or international?" he said. "Where shall it be located, in Cambodia or abroad? Will they use Cambodian or foreign judges and prosecutors or a mixture of both? Will the trial be based on Cambodian or international laws?"

Mr. Hun Sen said that he was not a jurist and that it was not up to him to decide either whether to go forward with a trial or how a trial should proceed. Nevertheless, Cambodia is still far from being a nation of laws; the judiciary still answers to his diktat.

The statements Friday of both Mr. Hun Sen and the Khmer Rouge suggested that if a trial proceeds it will involve not only an exploration of one of history's great atrocities but could open a re-examination of America's policies and pragmatism during the war in Indochina and its aftermath.

In an aggrieved tone, Mr. Hun Sen recounted his history of opposition to the Khmer Rouge and the parallel history of Western powers in keeping the movement alive specifically to oppose his Vietnamese-backed government during the 1980s.

During that time, although it remained no more than a jungle insurgency, the Khmer Rouge was allowed to keep its seat at the United Nations. Mr. Hun

Sen's Cambodian government was treated as an international pariah, although it was the Khmer Rouge that had carried out crimes against humanity.

Then, Mr. Hun Sen noted, it was the United Nations, despite his protests, that tried to draw the Khmer Rouge into Cambodian politics as part of the 1991 Paris peace accord.

Had the Khmer Rouge not decided to boycott the UN-sponsored election in 1992, he pointed out, the peace agreement would have welcomed them back into society without a trial, just as he has now done.

"Was it then an artificial morality in the era of the Cold War and ideological confrontation?" he asked.

A leading Cambodia scholar, David Chandler, made a similar observation in an interview this week.

"It was pretty sordid," he said. "It was high Cold War, as you remember. Pol Pot should have been pushed off to trial in the 1980s but that would have been embarrassing to the United States. These things are very easy to be sanctimonious about but very hard to draw lessons from."

Pol Pot, the Khmer Rouge leader, died last year without facing a genuine tribunal.

The Khmer Rouge statement Friday took history back a decade earlier, to the U.S. bombing campaign — intended to cut the supply lines of the North Vietnamese Army — that took large numbers of Cambodian lives and helped spread the war across the border from neighboring Vietnam.

The statement seemed to contain the hope that the United States and other countries, facing the skeletons of their own past, might have second thoughts and embrace the proposal made by Mr. Khieu Samphan on Tuesday that everybody simply "let bygones be bygones."

"A lot of players were involved and it is a very complicated situation," the Khmer Rouge spokesman said, echoing Mr. Khieu Samphan's comment that history is complicated and that it is difficult to pin down "who is wrong and who is right and who is doing this and who is doing that."

Threat Shuttters U.S. Embassy in Israel

The Associated Press

TEL AVIV — The closure of the U.S. Embassy in Tel Aviv came in response to a warning about a possible attack on the compound relayed from Washington and not because of a threat delivered locally, an Israeli security source said Friday.

The embassy was shut down Thursday, and an embassy spokesman, Larry Schwartz, said he did not know whether it would reopen Monday.

Mr. Schwartz said earlier that the closure came after the U.S. ambassador, Edward Walker, received a "direct and credible" threat against the facility. The Israeli police heightened security, posting additional officers around the beachfront property on the Mediterranean Sea.

Mr. Schwartz refused to elaborate on the nature of the threat, but said the closure was in line with "actions the U.S. government has taken in recent weeks in light of the heightened general threats in the region."

An Israeli security source said the warning about a possible attack on the

Tel Aviv compound was relayed by the U.S. State Department in a cable and not delivered locally in a phone call, as Israeli media have reported.

Israeli media have raised the possibility that assailants plotted a car bomb attack. On Thursday, Israeli and U.S. security officials peeked into the windows of cars in the embassy parking lot, but did not conduct thorough searches.

First Security Closure

William A. Orme Jr. of *The New York Times* reported earlier.

It was the first time that the U.S. Embassy in Israel had closed its doors for security reasons, officials said.

Children and other dependents of U.S. Embassy and consular personnel in Israel were ordered out of the country by the State Department during the four-day bombing campaign against Iraq in December. The evacuation order has been lifted, but many families remain abroad.

The U.S. Embassy in Cairo was recently closed temporarily after receiving threats linked to U.S. action against Iraq,

and Mr. Walker's decision to close the embassy here Thursday should be seen in the same "regional context," Mr. Schwartz said.

The State Department has kept its foreign missions in a state of alert since the Aug. 7 bombings of the embassies in Kenya and Tanzania killed 224 people and prompted air strikes against Sudan and the Afghanistan compound of the Saudi exile Osama bin Laden. The security concerns increased as protesters throughout the Middle East condemned December's military action against Iraq.

On Dec. 24, the State Department said it "continues to receive reports that make us concerned about the safety and security of both official U.S. government and civilian targets."

"We take these threats seriously and the U.S. has increased security at United States government facilities worldwide," the department said. "A number of our posts have temporarily suspended or limited services to the public, and may have to do so in the future."

CLINTON: Senate Republican Leader Walks Political Tightrope

Continued from Page 1

self as to which way to raise hell."

Connie Cochran, executive director of the Mississippi Republican Party, said many voters had called headquarters to complain that because of Mr. Lott there may be no full-scale examination of the charges against Mr. Clinton.

Gary Bauer, head of the conservative Family Research Council, simultaneously criticized Mr. Lott while giving an indirect boost to his own prospective Republican presidential bid: "I've been concerned overall about a lack of leadership in the party for some time now. I think the vacuum left by Ronald Reagan has never been filled both in commitment to ideas and in courage in pushing against the tide."

In Mr. Lott's political calculus, however, the irritation of Mr. Bauer and Mr. Reed are far outweighed by the need to protect the re-election prospects of such Republican senators as Rod Grams of Minnesota, John Ashcroft of Missouri, Rick Santorum of Pennsylvania, Spencer Abraham of Michigan and James Jeffords of Vermont.

Partisans on both sides of the aisle pointed out that these and a number of other Republican senators up in 2000 face re-election in states where Democratic challengers could capitalize on impeachment proceedings.

"He is acting in behalf of his most immediate constituency, his 55 Republican senators. He is acting as leader of his own party," a senior Democratic Senate aide said. In the states likely to have close races for Republican incumbents, impeachment "is not a popular position with general election voters."

The aide contended that conservatives and strong Republican partisans "can't

hold a grudge when at the end of the day you have some vote that a member will be accountable for."

Senator Mitch McConnell, Republican of Kentucky, incoming chairman of the Rules Committee, defended Mr. Lott.

"He views his role here as majority leader of the whole Senate," Mr. McConnell said. "Almost no one is viewing this as a partisan exercise."

In fact, one Senate source close to the negotiations over impeachment proceedings contended that one of Mr.

of a sober, nonconfrontational period.

"In '95, we were new, we were exuberant, we were excited, maybe a little out of control," he said. "Now, everything is different." He added: "We are not going to look for a reason to fight. We're going to look for a way to get things done."

This kind of thinking has continued, influencing his current posture on the impeachment proceedings in the view of a number of people. One Democrat noted, "Lott has been the one who had to deal with the catastrophes wrought by the House, beginning with the government shutdowns. His solution was to make deals and pass legislation."

In this assessment, Mr. Lott's emphasis on passing legislation in 1996 to counter the image of the Republicans generated by the 1995-96 government shutdowns was crucial to Republicans' success in holding their House majority.

A Republican familiar with Mr. Lott's thinking said: "He is not inclined to blow up the place" over impeachment. "It's not in the Senate's interest or in the party's interest to do that."

For Mr. Lott, the crucial political test will be working out the details of an impeachment proceedings strategy that can win majority support from the Republican caucus. Few believe he would try to impose rules governing the trial with just a minority of Republicans allied with the 45 Democrats. But a number of sources noted that prospects for getting a majority of Republican senators to agree to his plan look reasonably good. They pointed out that only a small number of senators have staked out hard-line positions demanding a full-scale trial, suggesting that Mr. Lott may not encounter intractable opposition.

Iraq Safeguarded Missiles, Report Says

By Joseph Fitchett
International Herald Tribune

PARIS — Iraq remains well supplied with surface-to-air missiles to fire at U.S. and British warplanes, according to a published report, because Iraqi commanders turned off their missiles' guidance radars during Operation Desert Fox and thereby saved these systems for use against the parading planes in isolated attacks of the sort that occurred twice last week.

In what appeared to be the equivalent of sniper fire, Iraqi batteries of SAM-2s, of SAM-3s and SAM-6s — all of which exist in mobile versions — can aim and fire at F-16s and other U.S. fighters, but with low risk unless they are escorted by electronic warfare planes designed to swiftly pinpoint enemy defenses. These SAM batteries, originally supplied by Russia, have been updated in many cases with Iraqi-engineered electronic components that change their characteristics enough to make them harder to detect initially.

Iraq's air defenses were only targeted to the extent needed to disrupt command-and-control systems on approaches to the industrial and political sites that were the major target in Desert Fox, which saw U.S. and British warplanes hit 100 targets with precision-guided weapons, including roughly 425 cruise missiles — 100 more than the total used in the Gulf War in 1991, according to official U.S. figures.

Desert Fox consumed enough of these stand-off weapons to dent air force and navy stocks and to cause a "potential problem" for the Pentagon, according to officials cited in the current issue of *Aviation Week & Space Technology*, a U.S. magazine.

No operational shortage seems likely, however, because the United States has several hundred air-launched cruise missiles and several thousand naval Tomahawks, according to the American Federation of Scientists, an independent research institute in Washington.

The air-launched cruise missiles are adapted versions of a stand-off weapon

designed to carry nuclear warheads and be transported by B-52 bombers. Those used in Desert Fox fired a new model capable of carrying a 3,000-pound (1,350 kilogram) warhead over distances up to 650 kilometers (400 miles).

This new version, which also uses the global position system for accuracy, is considered twice as lethal as the previous model used in the Gulf War. In Desert Fox, officials said, B-52s flying from Diego Garcia Island fired about 90 cruise missiles, while warships in the Gulf launched more than 325 Tomahawks.

Much smaller, the Tomahawks — which officials said have a success rate approaching 100 percent in accuracy — were used against Al Sava airfield where the Iraqis were modifying Czech-made training planes into pilotless drones with wing-tanks suitable for delivering chemical or biological weapons.

Together with about 600 laser-guided bombs, the U.S. ordinance was described by officials as totally successful in nearly 75 percent of the strikes.

Impasse Between UN and Taliban Is Blocking Relief Efforts

By Barbara Crosse
New York Times

UNITED NATIONS, New York — A hardening of positions by the United Nations and the group that controls most of Afghanistan is crippling efforts to resume international relief work there, officials from both sides say.

Stalled talks with the Taliban, the militant Islamic movement that rules more than 90 percent of the country, mean that almost no significant work in vital areas like health and reconstruction from more than 20 years of civil war can take place in the country, which has now fallen under the grip of winter.

The United Nations Children's Fund said this week that education in Afghanistan had all but ground to a halt, with nearly 9 of 10 girls and 2 out

of 3 boys not in school. Unicef also said that 257 of every 1,000 children die before age 5, the fourth-worst rate in the world. Other relief groups say that hospitals have run out of medicine and other essential supplies, while inflation has driven up the price of food.

The dispute with the Taliban boils down to this: The United Nations, which withdrew all of its foreign workers four months ago, will not return until it has firm security guarantees for its staff. And the Taliban will not allow other activities by the international organization — such as human rights investigations — until the United Nations reopens its offices in the capital, Kabul.

In August, the United States carried out missile attacks on training camps in Afghanistan run by a Saudi-born militant, Osama bin Laden. The United

States has linked him to terrorist activities against U.S. targets, including its embassies in Kenya and Tanzania.

After the attacks, an Italian military officer serving with the United Nations was killed in Kabul, apparently in retaliation. The United Nations is demanding that the Taliban account fully for that killing and prosecute the attackers, and also that it solve the mystery of the earlier killings of two Afghan workers attached to the World Food Program in Jalalabad.

Abdul Hakim Mujahid, the Taliban's representative designate at the United Nations, said in an interview Tuesday that his government had "done a lot of work in this regard." Shortly after the killing of the Italian officer, Taliban authorities arrested two Pakistanis and charged them, he said.

"We have these two convicts and we have been investigating them," Mr. Mujahid said. "So far they didn't admit anything. We gave some information to the UN, but they didn't consider that it was enough."

He said that the Taliban wanted to interview a French officer who was wounded in the attack to determine if he could identify the suspects in custody, but that its requests had gone unanswered. Mr. Mujahid said that the United Nations had also rejected as inadequate the information gathered on the attack on the two local relief workers in Jalalabad, a generally lawless city where kidnappings and shootings are frequent.

In November, the UN secretary-general, Kofi Annan, recommended that the United Nations send human rights investigators to Afghanistan to look into

accusations of massacres of Taliban troops in 1997 by opposition forces near the northern opposition stronghold of Mazar-i-Sharif.

The investigators were also to look into reports that forces allied to the Taliban, if not the organization itself, had in turn killed an unknown number of civilians and opposition fighters in the same region this year, when the Taliban retook the area. Human rights groups have relied on reports from people who fled the area, who were largely supporters of enemies of the Taliban.

The United Nations also wants to investigate how a number of Iranian diplomats and journalists were killed in Taliban military operations this year. The Iranians had supported Shiite, ethnic Hazara militias that were overrun by the Taliban.

India Detains 45 for Attacks On Christians

Reuters

AHMEDABAD, India — The Indian authorities said Friday they had detained 45 Hindus in connection with attacks on Christians in the western state of Gujarat.

No fresh violence has been reported since Wednesday, but parts of the state where church activists and Hindu organizations have traded accusations remained tense Friday.

Authorities said they were rounding up those behind the violence.

Four nuns and two priests were injured Wednesday when mobs set fire to a Catholic prayer hall, the 10th reported attack on the Christian community since Christmas Day.

Christians make up about 2 percent of the 960 million people in politically secular India. More than 80 percent of the population are Hindu.

No one has claimed responsibility for the attacks, but Christian activists blame rightist Hindu extremists.

Hindu activists, including the Vishwa Hindu Parishad, or World Hindu Council, deny involvement. But the Vishwa Hindu Parishad has said it wants an end to what it says are forceful religious conversions.

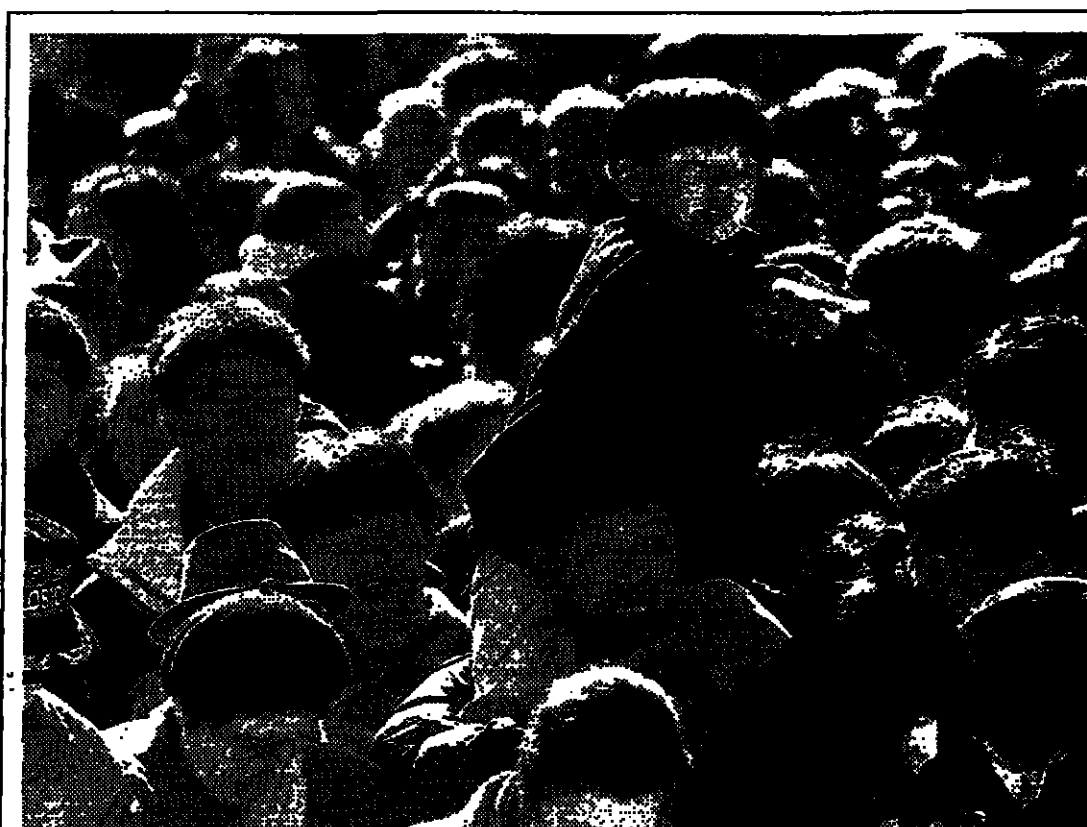
Christian missionaries say they are only offering charity to the poor in remote areas.

Defense Minister George Fernandes was quoted Friday as saying in the Times of India that he saw the anti-Christian violence as a potential threat to the government.

"I see a great danger to the government," he said, "because if the organizations which are associated with any of the parties in power get into situations where the constitution is challenged, then the government runs into trouble."

The Hindu nationalist Bharatiya Janata Party, which leads the coalition government, is widely seen to be connected to the Vishwa Hindu Parishad. Both are seen as products of an ideology championed by Rashtriya Swayamsevak Sangh, a Hindu volunteers' group.

The Bharatiya Janata Party has come under fire for its perceived links with the Vishwa Hindu Parishad.



ONE FOR LUCK — A little boy throwing coins toward the Meiji Shrine in Tokyo on Friday. Offering coins and prayers for a prosperous new year is a tradition at shrines in Japan.

Singapore Opposition To Answer Charges

Reuters

SINGAPORE — Chee Soon Juan, the opposition party leader who defied a Singapore police warning not to make a public speech without a permit, has said he will appear in court Monday to be charged with the offense.

"I will appear in court and face my accusers with a conscience and conviction to continue to speak up for my rights, and in so doing, the rights of my fellow citizens," Mr. Chee said Thursday.

Police spokesmen were not available for comment, but state television said police investigations had shown that Mr. Chee, head of the Singapore Democratic Party, had made a public speech without a license. It said that after consultation with the Attorney General's Office, the police had served Mr. Chee with a summons to appear in court to face charges for the offense.

Mr. Chee had a run-in with the police Tuesday for speaking to a lunchtime crowd at Raffles Place in the heart of the Singapore business district.

The police said Tuesday that Mr. Chee had been first served a letter and when he declined to accept it was "verbally advised" that it was illegal for him to give his speech because he did not have a public entertainment license. Under the Public Entertainment Act, anyone making a speech without a license is liable to a fine of up to 5,000 Singapore dollars (\$3,000).

Mr. Chee said Thursday that the charges were "another attempt by the government to silence me and stifle the growing voice of democracy in Singapore."

Mr. Chee said Wednesday that he planned to make another speech next week.

Honduras Scales Back Death Toll From Hurricane

By James C. McKinley Jr.
New York Times Service

SAN PEDRO SULA, Honduras — Two months after a hurricane mauled this country, it is still unclear how many Hondurans died in the storm, but the government has been forced to retreat from its earlier conclusion that at least 7,000 people perished.

Officials here acknowledge that their initial death tolls, gathered from panicked local officials in the chaotic days just after the storm, were riddled with inaccuracies.

In some cases, local officials assumed that hundreds had died because entire neighborhoods had been destroyed, but later learned that the vast majority of villagers in those places had sought higher ground and survived.

In early December, the government cut its official death toll from the storm by close to a quarter — from 7,007

down to 5,657 — and suspended the governor of Santa Barbara Province for allegedly inflating the casualty numbers in that state.

The accuracy of even the smaller figure is in doubt, however, because it includes at least 2,600 deaths reported by distraught family members but never confirmed, said the man in charge of the government's numbers, Arturo Corrales. Even the 3,000 confirmed deaths were not based on a body count.

The hurricane moved across Honduras in late October and early November, dumping record amounts of rain as it disintegrated and causing widespread flooding across the country. Though the winds quickly abated, floods and landslides wiped away parts of many towns and villages and severed communications and wrecked the road network.

With journalists raising questions about the death toll and with international donors pumping hundreds of mil-

lions of dollars in disaster relief into Honduras, President Carlos Flores Facusse has ordered a review of all damages attributed to the storm. More than 250 medical and engineering students have been enlisted for the review and are being trained to conduct a survey in the worst-hit towns.

With help from United Nations human rights workers and equipment provided by the United States, the students are fanning out in small groups to try to compile accurate assessments not only of deaths but also of damage to crops, roads and bridges, officials said. Mr. Flores has promised that they will complete the survey and that the government will produce an accurate count by the middle of this month.

In mid-December, the mayors of small towns and villages were called to emergency meetings in regional capitals to discuss the death toll. The government has ordered these officials to compile new lists of the dead and missing, complete with names.

"We want to straighten the numbers out because there is no excuse not to have the right numbers anymore," said

Colonel Jorge Andino Almendares, who is overseeing the government relief operation in the northeastern part of the country, one of the hardest-hit areas, after meeting Dec. 16 with more than 40 local mayors in San Pedro Sula.

But even in the absence of a complete study, it has become clear that the initial estimates of the dead were not supported by a count of bodies.

In the municipality of El Progreso, in Yoro Province, for example, local officials at first reported that at least 100 people had died in floods and landslides in their jurisdiction, which includes about 54 villages along the Uluja River. That figure is still being used in the official tally for the northern region that military officials are keeping at the disaster relief headquarters in San Pedro Sula.

But in recent interviews, disaster officials in El Progreso conceded that the figure had been a rough estimate. They said they had confirmed 17 deaths at the most — 9 members of one family who were buried on a remote hillside in the town of Las Minas and 8 people drowned in various places in the district.

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BERLIN

BERLIN Intl Church (Evangelical) Sunday services: 10:30 a.m. Hotel Mondial, Kurfürstendamm 47, Postfach H. Passmann, Tel: +49 (0)30 34 70 91 76, www.berlin-church.org

FRANKFURT

St Leonhard, International Catholic Parish, Alte Mainzer Gasse 9, 60311 (near Hauptw.) Masses in English on Saturday 5 p.m., Sunday 10 a.m. Tel/Fax: 069-256177 or J. Schell@evangelical-frankfurt.de

PARIS AND SUBURBS

EMMANUEL BAPTIST CHURCH 95, rue des Borelles 92500 Rosny-Montmoyne. Services: 9:45 a.m. & 11 a.m. with Sunday School. For info Tel: 01 47 51 26 53/01 47 45 15 29 or http://www.god-is.com/Paris/manuel1392

International Baptist Fellowship meeting at 48 rue de Lille, Paris 75018. Sundays. Call above for info.

SAMUEL JOSEPH'S CHURCH (Roman Catholic, MASS IN ENGLISH) Sat. 11:00 a.m., 6:30 p.m.; Sun. 9:45/11:15 a.m., 12:15 & 6:30 p.m., Mon-Fri. 8:00 a.m.; 50 rue Roche, Paris 80. Tel: 01 42 77 28 56. Mass: Charles de Gaulle - Ecole

HOPE INTERNATIONAL CHURCH Hotel Orto et Paris La Defense, 9 Bd de Neuilly. Worship Sundays 10:30 a.m. Rev. Frederic Henry, Pastor. T: 01 43 33 04 05. Mass: 1 to La Defense Esplanade

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THE AMERICAN CATHOLIC OF THE HOLY TRINITY, St. Charles 9 & 11, on French side, (20th, 25 rue de Valenciennes, 75009 Paris. Tel: 33 01 53 54 54 54. Metro George V or Alma Marceau

CLERMONT-FD (FRANCE)

CHIST CHURCH (PROT) 1st & 3rd Sun. 5 p.m. at St. Jean-Holz. (Temple Reformed) 33 04 73 30 41 59

FLORENCE

ST JAMES' CHURCH, Sun. 9 & 11 a.m. Via Benvenuto Cellini 9, 50123 Florence, Italy. Tel: 39 05 53 294 417

ROME

ST PAUL'S WITHIN THE WALLS, Sun. Eucharist 8:30 & 10:30 a.m. Eucharist in Spanish 1 p.m. Via Negoli 58, 00184. Tel: 39 06 486 3389 or 474 3569

KARLSRUHE (GERMANY)

ANGELICAN EPISCOPAL COMMUNITY 1st and 3rd Sunday 5 p.m. in chapel of Luthersheim, Kocher 54. Tel: 49 (0) 721 283 70 or 49 (0) 721 49 15 08

BRUCKMUEHL (GERMANY)

ANGELICAN EPISCOPAL COMMUNITY, meets at Ev. Lutheran Johanneskirche, 1st Sun. 11 o'clock August. Address: 94-Str. 2, 83022. Tel: 49 (0) 8246415

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CHURCH OF THE ASCENSION, Sun. Eucharist 9 & 11:45 a.m. (Sun School Nursery) Seyboldstr. 4, 81545 Munich (Friedrichstr.). Tel: 49 (0) 89 46185

FRANKFURT

CHRIST THE KING Eucharist Sun 9 & 11 a.m. Eucharist, 2nd & 4th Sun Morning Prayer, 3 rue de Montebello, 1201 Geneva, Switzerland. Tel: 41 (0) 22 732 80 78

WIESBADEN

ST AUGUSTINE OF CANTERBURY Sun. 10 a.m., Frankfurt Str. 3, 65189 Wiesbaden. Tel: 49 (0) 611300674

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BRUSSELS/WATERLOO

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L.B.C., Hohenlohestr. Hermann-Boss-Str. 106/106a. Tel: 0421-78946

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L.B. FELLOWSHIP, Vinohradska 8 82, Prague 3. Sun. 11:00 Tel: (02) 311 7074

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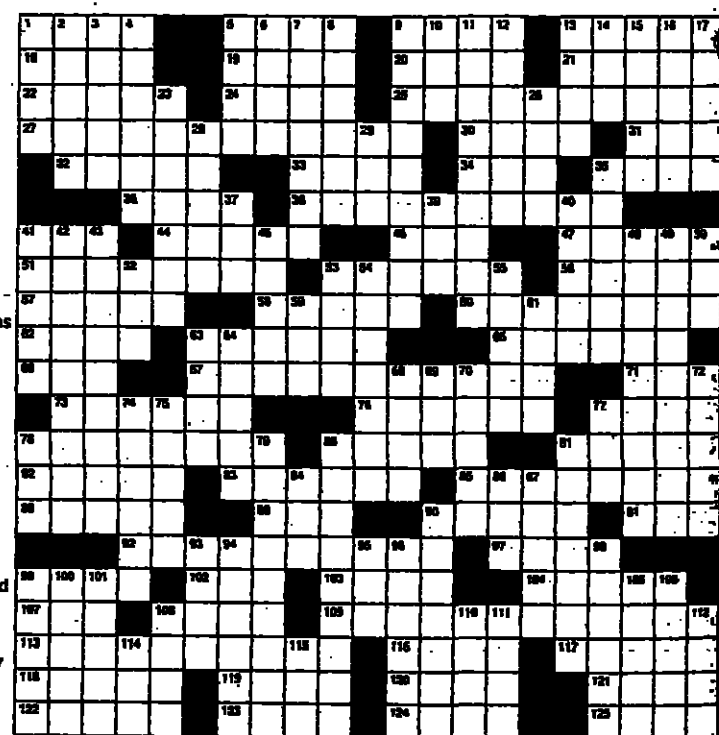
AMERICAN CHURCH IN PARIS Worship 11:00 a.m. 85 Quai d'Orsay, Paris 7th, Rue 65 at door, Metro Alma-Marcou or Invalides

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BEANS, BEANS, BEANS By Rich Norris

- ACROSS
- 1 Clown's supply
 - 5 Tore
 - 9 Border
 - 13 Comedian's supply
 - 18 Part of F.D.R.'s
 - 19 "You"
 - 20 Sewed up
 - 21 Root of government
 - 22 Pest-removal word?
 - 24 Scott Turow book
 - 25 Molasses cookie
 - 27 Practice area, of a kind
 - 30 Sound for Old MacDonald
 - 31 Lansing-to-Flint dir.
 - 32 Sefari sight
 - 33 R.B.B. jazz singer James
 - 34 One abroad
 - 35 Still-life subject
 - 36 Hipsters
 - 38 Gum predecessor
 - 41 Tanning lotion abbr.
 - 44 Found a new tenant for
 - 46 Richie's dad, to the Force
 - 47 Extremely easy shot
 - 51 Applied, as a patch
 - 53 Come to
 - 56 George Sand, for one
 - 57 Worth
 - 58 "The wicked flee when pursued": Proverbs
 - 60 Give out
 - 62 Augur
 - 63 During the twilight-time?
 - 65 Inn crowd
 - 66 "Human Concretion" sculptor
- DOWN
- 1 Puff
 - 2 Provoke
 - 3 Circumference
 - 4 Interference
 - 5 Alert subject
 - 6 "Turando" tenor
 - 7 Conquest of 5/29/53
 - 8 Erase
 - 9 Military communications expert
 - 10 Here, in Le Havre
 - 11 Condemned publicly
 - 12 Trim
 - 13 Ding-a-ling
 - 14 Two-time U.S. Open winner
 - 15 Strength
 - 16 Clan chief of old Scotland
 - 17 Extremely
 - 23 Source of many calls
 - 26 Sufficient, in verse
 - 28 Written down
 - 29 In-flight P.A. announcement
 - 32 Never, in Nuremberg
 - 33 Oriental nurse
 - 34 "O Baby! O Baby!" playwright Derek
 - 35 Actor Bruce
 - 36 Some E.R. cases
 - 37 Chop
 - 38 Cries of disgust
 - 39 Some Olympians
 - 40 Gardner and others
 - 41 1958 movie subtitled "The King of the Beasts"
 - 42 Subject of numerous 70's lawsuits
 - 43 Lassitude
 - 44 Lamb chops accompanier
 - 45 Chief who negotiated peace with the Pilgrims
 - 46 One of an old threesome
 - 47 Language ending
 - 48 Person in a race



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Solution to Puzzle of Dec. 19-20

1 Across: 106 When the aho nuevo begins 114 Marlowe's "The" 115 Wedding page word

BRIEFLY

Deadly Avalanche Hits Inuit Village

MONTREAL — At least six people were killed and 25 injured in Quebec on Friday when an avalanche swept down on an Inuit village's New Year's celebration, the police said. Four others were reported missing.

The avalanche crashed into a gym in Kangiqsuaijuq, a coastal village about 950 miles (1,500 kilometers) north of Montreal on Ungava Bay, off the Labrador Sea. "It was a little after midnight, when 400 to 500 people were in the village gymnasium, when the avalanche struck," a spokesman for the provincial police, Francois Dore, said from Montreal. "Some people had the time to get out, but some are still missing."

Villagers dug frantically through the tons of snow that slid down the 250-foot (80-meter) hill, trying to reach the four people still buried, he said, adding that 12 of the injured were reported in serious condition. (AP)

Dissidents Proclaim China Labor Party

BEIJING — Dissidents in China are seeking to form an independent labor party, despite a crackdown that has put other dissidents in prison, an exiled activist said Friday. Organizers of the new group, calling itself the China Labor Party, are preparing an attempt to register the group in Beijing, according to the activist, Ye Ning, who lives in the United States.

In recent weeks, the ruling Communist Party has imprisoned leaders of another would-be opposition group, the China Democracy Party, in its most severe suppression of dissent in three years. The crackdown has prompted dissidents in China and in exile to protest and demand the release of the democracy campaigners. Chinese leaders have said they would intensify efforts to quash challenges to the Communist Party.

"The China Democracy Party has already given the dictators a headache. Now, here comes the China Labor Party," organizers of the would-be group said in a statement faxed to foreign news organizations in Beijing. "These are sparks and matches for the dried firewood covering all of China." (AP)

Mongolia Makes Free Press Official

ULAN BATOR, Mongolia — The government officially liberated the news media here Friday as a new law took effect, requiring disposal of the state outlets that still dominate the industry and an end to government oversight.

"This law has wrapped up an era of media monopoly by the state," said Erdenein Bat-Uul, a legislator who initiated the law. "We tried to design the law to promote democracy and pluralism in society."

A private media industry has cropped up in Mongolia in the nine years since democratic reforms ended seven decades of Communist rule in 1990. (Reuters)

سكيا من الاجل

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Try the Khmer Butchers

No trial for Khieu Samphan and Nuon Chea? This astonishing word came from Prime Minister Hun Sen of Cambodia. Himself a former Khmer Rouge commander, he has allowed his erstwhile comrades to end their resistance to his regime and to defect or surrender to him. (On Friday, he denied that he had given them immunity from trial at some point in the future.) These latest beneficiaries of Hun Sen's largesse were close and notorious aides to the late Pol Pot, leader of a Communist band that brought death by execution, starvation and overwork to some 1.5 million or more Cambodians in the late 1970s.

Earlier, Hun Sen had eagerly sought international aid to help try the Khmer Rouge leadership for crimes against humanity. His conversion to a more excusing approach apparently proceeds from his chosen strategy for consolidating his power in a still bitterly riven Cambodian society. As he puts it, he favors reconciliation over a course that might lead to resumption of civil war. Certainly, Cambodia's friends can wish it no less.

But these are special circumstances.

Hun Sen himself came to power by coup and rules now in part by violence and intimidation. He seeks to win for his regime international approval, Cambodia's United Nations seat and foreign aid. That should make him more amenable to international appeals to hold past Cambodian figures accountable for their crimes.

Khieu Samphan and Nuon Chea are not your ordinary killers, like, for instance, Augusto Pinochet, the former Chilean dictator recently detained in London for a few thousand deaths. In a century of killing they are among the great killers.

Hun Sen may wish to allow these men to live out their days in a quiet corner of Cambodia. They offer only a feeble, meaningless apology.

But the minimal requirement for a society seeking its own kind of peace and acceptance compels a trial of the two for great crimes, either in an international tribunal or in a Cambodian one.

Anything less mocks the death of the victims and offers the next potential perpetrators a free ride.

—THE WASHINGTON POST

Guiding the Senate

It is encouraging to see Senate Majority Leader Trent Lott taking an assertive yet balanced leadership role in the presidential impeachment crisis. He seems to have drawn the right lessons from watching a temporary House leader, Bob Livingston, collapse under the task of guiding that chamber through its hearings.

Mr. Lott firmly blocked the attempt by Representative Henry Hyde and the impeachment managers from the House Judiciary Committee to dictate the procedural rules for a Senate trial. Now comes the news that he and his Democratic counterpart, Tom Daschle, are pushing a plan to have expedited arguments that could produce a Senate vote before the State of the Union address on Jan. 19.

Even with this good beginning, Mr. Lott will confront sensitive and complex tasks. He must sell his party on this creative plan to avoid a full-scale trial and a direct vote on the articles of impeachment by interposing a procedural vote after both the Judiciary Committee and the White House have outlined their cases in brief opening presentations. At that point the Senate would vote on whether the evidence constitutes high crimes and misdemeanors and therefore requires a trial leading to possible removal from office. If that proposition fails to pass, the Senate could then move to consideration of a censure resolution.

Some Republican senators contend that the constitution requires a trial and a direct vote on the two articles of impeachment passed by the House. But the framers were not trying to design a legal straitjacket for the Senate. That body therefore has room to convene or adjourn a trial according to majority rule and to impose censure at any point in the proceedings.

The proposal floated on Wednesday to hear the evidence and then have a procedural vote to see if a trial is nec-

essary looks like a reasonable and constitutionally sound way to move to censure. It would also satisfy the demands of President Bill Clinton's critics for a vote that would show whether there are enough votes in the Senate to warrant a trial that could result in removal from office.

Whether censure comes before or after a trial, it will need Republican votes to pass. This is where Mr. Lott's skills as leader and negotiator may meet a stern test. A negotiated censure resolution, rather than one imposed by the Senate, would be best for the country.

To be sure, Senate Republicans will not and should not accept Mr. Clinton's contention that he did not lie under oath. But that does not rule out serious negotiations between the White House and the Senate leadership. Those negotiations could cover the wording of an admission on the essential offenses and the possibility of tying such an admission by the president to assurances that he would not be prosecuted after leaving office.

After the Senate reconvenes on Wednesday, Mr. Lott and Mr. Daschle should take the lead in offering specific language for Mr. Clinton to consider.

In the days since impeachment passed in the House, they have worked hard to guide the Senate toward censure as the option that fits the evidence and that also has broadest public support. They cannot, of course, force upon Mr. Clinton a realization that he insults the public and the senators who will judge him by continuing to insist that he did not lie.

But they have made a responsible start toward guiding the Senate in its task of writing into the historic record a stern and proportional condemnation of his false testimony under oath, his failure to uphold the rule of law and his disrespectful use of the presidency and the White House.

—THE NEW YORK TIMES

Colluding With Beijing

A bipartisan investigation in the House of Representatives has uncovered serious damage to American national security from two decades of inappropriate, careless and in some cases illegal nuclear and missile technology transfers to China. These findings constitute an urgent warning that American businesses and political leaders must deal more carefully with China, a country with great-power ambitions and nuclear weapons. Chinese interests sometimes conflict with those of the United States.

The White House and Congress should quickly declassify as much of the report as possible, so that vulnerable areas can be identified and corrective measures taken.

The inquiry began last June after The New York Times reported that two American companies, Loral Space and Communications and Hughes Electronics Corp., may have improperly helped China fix problems in rocket design. The House committee confirmed Pentagon and State Department findings that this assistance not only helped the Chinese space industry, serving the business interests

of Loral and Hughes, but may also have helped improve the reliability of China's missiles.

House investigators further uncovered a Chinese effort to acquire American military technology extending over the Reagan, Bush and Clinton administrations. It included stealing weapons designs from American nuclear laboratories and obtaining sensitive computer, missile and satellite technologies.

The committee also reviewed the activities of the daughter of a senior Chinese general who helped channel Chinese government payments to Democratic Party fund-raisers. But the larger question of possible links between political contributions and national security damage will be pursued by the Senate intelligence committee.

Despite partisan skirmishing on other issues in Congress, the committee's Republican chairman, Christopher Cox, and its ranking Democrat, Norm Dicks, conducted a responsible inquiry on a crucially important subject. They deserve America's thanks and serious attention to their findings.

—THE NEW YORK TIMES

Learning to Be Effective in a World Community

By Flora Lewis

PARIS — Soon after World War II, Henry Luce, who had founded the Time-Life empire, proclaimed that the next 100 years would be "the American century." A generation later it didn't look like that at all. The Cold War, Vietnam, a challenging Third World sapped America's confidence and made its people ponder the risks of involvement. The era seemed ended.

Now, on the eve of the 21st century, the U.S. role is once again indisputably preeminent. America calls itself "the indispensable nation." Indeed, while it cannot do whatever it wants, nothing constructive can be done without it.

There has never been such a pileup of power. Political, military, economic, cultural, technological — America is dominant in every field. Even some American analysts call it an empire, since it parallels the power of classical Rome in its ability to prevent any other nation or group of nations from imposing their contradictory will.

But if it is imperial in its reach and weight, this is a unique kind of dominance unknown to history because it is consciously based on a coalition of resources and wills that must constantly seek convergence. It is open to all who wish to join, and endlessly appeals to

the ill-defined "international community" for support and legitimation.

When the United States does not take adequate account of the perceived interests of its various partners, it feels the limits on its power one way or another. The constantly felt need to rally others shows that it does acknowledge such things as an "international community" that is taking on substance.

The current confrontation with Iraq is an example of the dilemma the United States faces when it is determined to act on its own and fails to persuade key powers to participate, or at least to withhold judgment.

Far from forcing Saddam Hussein to concede that his power has been "degraded" by bombing, as Washington proclaimed, the mid-December attack brought his reaction of deliberately provoking further conflict by attacking planes imposing the "no-fly zone." Evidently he feels that if he pushes hard and cleverly enough, he can wedge way all but Britain from supporting the United States. He is aware, as Washington avoids making clear, that the United States can bomb alone but cannot

enforce effective sanctions alone.

It is likely that, overplaying his hand as usual, Saddam will wind up without the added indulgence and sympathy he seeks from the Arab world and the rest of the UN Security Council. The impasse will continue. But it will have shown that he can still demonstrate defiance. And the United States will have been obliged to admit, as it did implicitly with its limited attack to "degrade" but not to oust Saddam, that unilateral action does not get it what it wants.

But, also unlike previous empires, which wanted control and tribute, the United States does not have a very clear idea of what it wants. That is not just a lack of strategic vision or lucid articulation of policy, it is in the very nature of this new way of trying to organize the world. Washington does not have a plan to impose. That will have to emerge bit by bit from coalition debate.

An important reflection, and test, of how this effort is developing will come in the "new strategic concept" being devised for NATO to announce on its 50th anniversary in April.

NATO was formed for the straightforward purpose of deterring, and if necessary defending against, a Soviet attack on Europe. Its success has made

that goal obsolete. But its members do not consider NATO obsolete and must therefore find a new definition for it. Over the years, the alliance has already evolved, and with the admission in April of new members it will take another important step in being transformed from a defense pact to a collective security pact.

But Washington is proposing much broader language for the new strategy, calling for the defense of members' interests in the world at large, an approach that the French, for example, consider proclaiming itself global policeman. They will by no means be alone in being reticent at the idea of a NATO mandate to act anywhere. The United States will undoubtedly need to settle for a more modest commitment. American responsibilities in parts of the world outside Europe are not often so well defined and institutionalized. They are nonetheless recognized. The kind of withdrawal or retrenchment that some expected when the Soviet Union collapsed is not happening. But this American role, more than ever before, is being played with and through the international community and cannot succeed otherwise.

Flora Lewis

On Balance So Far, Clinton's Foreign Policy Record Is Negative

By William Pfaff

PARIS — The Clinton administration enters its own and the century's final year with a foreign policy record of few major accomplishments, and serious miscalculations.

On the positive side are the intervention to end the war in Bosnia and a weighty contribution to peace in Ireland (both prompted by domestic political pressures), measures to stabilize Macedonia, the (insecure) Kosovo cease-fire, and mediation in the Cyprus affair.

The failures include Russia, an Iraq policy that has steadily worsened the Middle Eastern situation, a destructive failure of nerve and political courage in dealing with Israel and Palestinian peace, a business- and trade-driven China policy that has foolishly and perhaps fatally damaged U.S. relations with Japan, a politically kyped African initiative without substance, which has already vanished, and an implicitly hegemonic approach to Europe.

NATO expansion and NATO policy redefinition, which may produce a trans-Atlantic crisis as early as this coming spring. The result is that despite its unchallenged military power,

the United States is in a sharply diminished position from 10 years ago, when the Soviet Union was disintegrating.

Then, American leadership of the industrial nations was respected, and the peoples of the former Communist states looked to America with unquestioning admiration.

George Bush was able to create a Gulf War coalition that included the major Arab governments because these had come to regard Washington as a reasonably fair-minded arbiter in an Israeli-Palestinian conflict that seemed at last on the way to resolution.

Today Israel is in slow-motion crisis, and the peace process is moribund. China is jailing political dissidents and ignores American economic concerns. Japan finds itself hectoring by China and rebuffed by the United States.

In Russia and much of Asia, Washington's intellectually shallow and politically naive economic prescriptions are condemned for imposing an unregulated and speculative form of international capital-

ism which resulted in economic crisis and political unrest.

What went wrong?

The most important source of trouble has been ideology. The Clinton security ideology is a mutation of the Cold War ideology which has placed in communism's old role an amalgam of Muslim fundamentalism, diverse terrorist movements and individuals, despots in small countries designated as "rogue" states, and anarchical political and social breakdown elsewhere.

These forces collectively represent "international disorder" and a supposed threat of aggression with weapons of mass destruction, nuclear or biological terrorism, and political blackmail.

The more unspecific and intangible the current dangers are represented to be, the more comprehensive and invasive, and even extra-legal, the U.S. conception of international response becomes. Washington has moved from the documented danger to the speculative, the specific to the metaphysical. This automatically

invites failure, since there is no security in this realm of threat. Existence itself is dangerous.

The Clinton economic ideology has been that of unregulated global market supremacy, which contributed to ruining Russia and to the Asian crisis. The ideology of market supremacy also has a metaphysical character, in that it holds the market by definition benevolent and self-correcting. Market supremacy is confused with democracy. Thus Washington's conviction that democracies by nature are capitalist, and capitalist societies are by nature democratic, which is demonstrably untrue. Also untrue is the conviction that market liberalization leads to political liberalization — as in today's China!

A second fundamental error in foreign policy may be called the personal relations fallacy. This administration, like its recent predecessors, conceives of foreign policy and diplomacy in terms of friendship among leaders, and intervenes to promote leadership by chosen individuals in countries of which Washington actually understands little.

Instead of dealing with China or Russia in terms of American national interest, while leaving those countries' internal politics to their own determination, Washington has consistently lent its prestige to individual actors. This does them no good, while making the United States responsible for their failures.

Policy decisions ordinarily are made under the pressure of events, in a context of Bill Clinton's perceived electoral interests, the interests of corporate campaign contributors, and bureaucratic interest when White House attention is elsewhere. (Pentagon interests are excessively influential, taking advantage of Mr. Clinton's Vietnam record.)

The importance of ideology and the personal fallacy lies in providing the music, so to speak, to which these decisions have to be set. The quality of the music has been very poor, with effect upon the nation's international position. A year remains to recover lost ground, but Mr. Clinton has other things on his mind.

International Herald Tribune
Los Angeles Times Syndicate

Clinton, Jiang, Netanyahu — Who Survives in 1999?

By William Safire

WASHINGTON — Avid players of last year's pool were ahead of the curve on the bull market's incredible longevity, but were "misled" — in 1998's favorite euphemism — on just about everything else. Forget all that. What is past need not be prelude.

1. Next prime minister of Israel will be (a) ultra-principled Benny Begin; (b) ultra-centrist Dan Meridor; (c) Colla-Powell-esque Annon Lipkin-Shahak; (d) James Carville-handled Ehud Barak; (e) much abandoned Bibi Netanyahu; (f) national allying Ariel Sharon.

2. Surprise American best-seller will be (a) "Lincoln's Men," the oldies' view, by William C. Davis (Free Press); (b) "Face Time," a profoundly

informed White House novel by Eric Tarnoff (Crown); (c) "The Computer in the Visual Arts," by Anne Morgan Spalter (Addison-Wesley); (d) "Gray Dawn," by geezer-watcher Pete Peterson (Times Books).

3. U.S. Social Security will be secured by (a) increasing taxes; (b) cutting benefits; (c) investing the trust fund in common stocks; (d) raising retirement age to 70 of those now below 50.

4. The not so elderly Carol Bruce will bring needed luster to the Independent Counsel Act by (a) giving Interior Secretary Bruce Babbitt a clean bill of health in her Indian casino payoff case; (b) forcing Janet Reno

to charge Harold Ickes rather than allow Ms. Bruce to pursue the investigation into the White House; (c) out-showboating Helen Morgan with her extraordinary rendition of "My Bill."

5. Leading Hot Stove League candidate at year's end for vice president will be (a) Governor George Pataki of New York, now boning up on foreign affairs; (b) Bill Richardson, reaching for the Hispanic vote; (c) Hillary Clinton, if Al Gore does not get the top slot; (d) Governor Christine Whitman of New Jersey, to bridge the Republicans' gender gap.

6. Most heavily hyped story of the year will be (a) The Y2K Bug Bites Chicken Little; (b) The

Euro Is Coming; (c) What're You Doin' Millennium Eve? 7. The year's good news will be (a) reform of sexual harassment law enacted to protect privacy; (b) Yablokov reformers win 20 percent of Russia's Duma, weakening anti-Semitic Communists; (c) Internet shopping and exorbitant factory outlets put the squeeze on mall rats.

8. Forced into retirement will be (a) Serbia's Slobodan Milosevic; (b) Iraq's Saddam Hussein; (c) North Korea's Kim Jong Il; (d) Libya's Moammar Gadhafi; (e) Cuba's Fidel Castro; (f) China's Jiang Zemin.

9. The 700-page secret Cox Chinagate committee report will (a) be bottled up in security clearance by a nervous White House for months; (b) detail success of Chinese intelligence agents in buying key U.S. technology through Lieutenant Colonel Liu Chaoying's connections to Clinton fund-raising; (c) be seized on by the Russian presidential candidate Alexander Lebed to show how criminal oligarchs have been shoveling technology to China that undermines Russian security.

10. The Independent Counsel Act will be (a) allowed to lapse in July thanks to anger at Kenneth Starr's tunnel vision; (b) renewed thanks to Janet Reno's Asian fund-raising malfeasance; (c) radically revised to

speed the process and limit those "covered."

11. Best-picture Oscar will go to (a) David Mamet's "Spanish Prisoner"; (b) Steven Spielberg's "Saving Private Ryan"; (c) Roberto Benigni's "Life Is Beautiful"; (d) Terence Malik's "Thin Red Line"; (e) John Madden's "Shakespeare in Love."

12. Leading challenger to George W. Bush in Republican presidential polls will be (a) center-moving John Ashcroft; (b) indefatigable Lamar Alexander; (c) unbankruptable Steve Forbes; (d) maverick John McCain.

13. Surprise at the Senate impeachment trial, if House managers get to call witnesses, will be (a) Monica Lewinsky's quiet composure; (b) Betty Currie's recantation of early grand jury testimony; (c) Bill Clinton's dramatic appearance against his lawyers' advice.

14. President at year's end will be (a) Bill Clinton acquitted or (b) heavily censured after a "truncated trial." (c) Al Gore; (d) Dennis Hastert, soon only two heartbeats away.

My picks, printed in what I hope is disappearing ink, are: 1-a, 2-b, 3-d, 4-b, 5-a, 6-7b, 8-f, 9-all, 10-c, 11-c, 12-c, 13-a, 14-b.

The New York Times

This Is Cambodia's Business

By Philip Bowling

HONG KONG — Who doubts that Khieu Samphan, Nuon Chea and fellow butchers deserve to be hanged, shot, poisoned, gassed or electrocuted?

And who, other than the pair's Khmer victims, has the right to do so?

The surrender of the pair and the confusion about what Prime Minister Hun Sen plans to do with them has naturally aroused anguish. Can perpetrators of mass murders escape? Is there no such thing as genocide, no such thing as crime against humanity? Has the world forgotten so quickly the mass graves, the mounds of skulls, the terror created by a bunch of pitiless semi-educated ideologues?

The demand that these men be surrendered to international courts, to accept that there are some universal values that the "international community" must apply, is real enough. Unless punished, the argument goes, the horror will surely be repeated.

However, there are reasons to reject out of hand the demands that the Khmer Rouge leaders be handed over to anyone but Khmers.

The most obvious but least weighty is that Hun Sen, although originally one of their number, has spent more time — some 20 years — and effort battling the butchers than any

one else. He may not be likeable, he may have treated efforts at democracy in his country with a degree of contempt, he may be too close to Vietnam for comfort. Some of his supporters have used violence to further his cause. But no one has thrown charges of mass murder against him.

As elected (however imperfectly) prime minister, he has first call on how Cambodians should deal with their former enemies within.

He also has to deal with the situation that in every village there are Cambodians who, like French people during the Nazi occupation, did the bidding of the rulers. What to do with them? Trials in The Hague don't do much for that problem.

How other Cambodians view the matter of Khien Samphan and company has yet to be played out. They may deliver their own revenge on compatriots who caused the bloodbath. But let no one pretend that the primary victims of the bloodletting were other than Cambodians. This is a Khmer issue.

Then there is the little matter of who supported the Khmer Rouge butchers after 1975. The mass graves, the slaughters of innocents, the

sheer terror of the Pol Pot era were well known to the outside world by 1981. But who supported the Khmer Rouge with weapons for the next decade? Not just Thailand and China, which had their own obvious if ignoble reasons. It was all of (the then) ASEAN and most of the West.

Who voted year after year to keep Pol Pot and company seated at the United Nations? None other than Western nations now expressing horror that the butchers may not be indicted.

Was there talk of trials of Khmer leaders for their crimes when the United Nations brokered the 1991 peace agreement?

Demands for trial of the butchers seem bizarre to many in Asia who note that no one doubts their guilt. So why a show trial? And if they are guilty, why not execute them? The people pressing for trial are mostly the same who oppose the only punishment that most Cambodians would believe fits the crime: death.

Cambodians, execute them if you wish, or let them live and be hated — perhaps a more profound punishment for these exemplars of the banality of evil.

Westerners, read up on your own role in Cambodia in the last 50 years and be contrite.

International Herald Tribune

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SATURDAY-SUNDAY, JANUARY 2-3, 1999

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Euro's Big Weekend

Toil and Awe Accompany Currency's Debut

By Tom Buerkle
International Herald Tribune

LONDON — The cafeteria at the European headquarters of Merrill Lynch & Co. was as crowded as a normal weekday at lunchtime Friday, New Year's Day or no. The only concession to the holiday was a sartorial one, as jeans and sweaters replaced the usual pin-striped suits.

In a scene repeated at investment banks throughout the city, across Europe and around the world, some 400 of Merrill Lynch's computer technicians, back-office staff and senior managers were working through the holiday weekend to convert Europe's new currency, the euro, into a practical reality before the world's financial markets reopen Monday.

The atmosphere was relaxed, and Merrill, like other banks, exchanges and financial institutions, reported no significant problems at the outset. But there was a clear feeling that after years of planning and months of rehearsals, Europe's unprecedented monetary experiment was about to enter a dramatic new stage, with risks and opportunities for European economies as well as for the banks and brokerages themselves.

"Last night for the first time, I got the sense that history was happening," said Mitch Shivers, the senior executive in charge of Merrill Lynch's euro conversion project.

Across Europe, there was a scramble to conduct the first commercial transaction in euros, even though euro notes and coins will not be introduced until 2002. Just after midnight, Stephen Perry, an executive with the credit card

company Visa, used a euro credit card to buy a bottle of champagne at a Frankfurt hotel for 63.91 euros, or almost \$75 at the starting exchange rate of \$1.17 to the euro. In Paris, a client of Banque Nationale de Paris used a similar card to pay for a dinner for seven costing 298.80 euros, or 1,960 francs, at a bistro on the Avenue des Champs-Élysées.

Many banks also are offering euro-denominated checking accounts, and some stores are quoting prices in euros as well as national currencies. Consumers also stand to benefit when exchanging currencies within the 11-country euro zone because, now that exchange rates are fixed, banks and foreign-exchange bureaus are expected to charge a fixed fee for buying and selling currencies, rather than the plethora of rates and charges that has prevailed until now.

But the focus Friday was clearly on the major financial institutions. These firms must be ready to buy and sell stocks, bonds and currency options denominated in euros when markets reopen around the globe Monday. Their success is essential if Europe's capital markets are to develop the same depth and dynamism as the U.S. stock and bond markets — a development that, in turn, will help determine whether the euro rivals the dollar as a global currency.

Most bankers seemed optimistic about the market potential. With interest in European equities surging in anticipation of the benefits of economic and monetary union, Merrill Lynch, the world's largest investment bank, already has generated more revenue



Euro travelers checks being displayed Friday by an employee at a Thomas Cook foreign-exchange bureau in London's Heathrow Airport.

See SCENE, Page 13

Bell Atlantic Seeks Deal To Take Over AirTouch

By Laura M. Holson
and David Morrow
New York Times Service

NEW YORK — Bell Atlantic Corp., the largest U.S. local-telephone company, is negotiating to buy AirTouch Communications Inc., the largest wireless-phone company, for \$45 billion in stock, according to executives close to the companies.

The deal, which could be announced as early as Monday, would bring New York-based Bell Atlantic, which already has 5.7 million cellular customers in services blanketing the East Coast, one step closer to creating a nationwide or even an international wireless network.

AirTouch, which has 7.8 million customers in the United States and more than 11 million worldwide, serves the entire West Coast and has a number of partnerships in Europe and Asia that would expand Bell Atlantic's network considerably on those continents.

Among those is a partnership with Mannesmann Mobilfunk of Germany that makes AirTouch one of the biggest providers of cellular services in Europe.

In all, international wireless services account for 57 percent of AirTouch's operating income, according to Deutsche Bank Research.

If the deal is approved, the purchase price would represent about a 10 percent premium over AirTouch's Thursday closing price of \$72.4375. Both boards are expected to meet over the weekend to discuss details.

Any deal would also need the blessing of GTE Corp. executives. The com-

pany agreed last summer to be acquired by Bell Atlantic in a \$52.9 billion stock swap. As of Thursday night, GTE executives were said to be supportive of the deal, believing it would be good for the combined companies.

Bell Atlantic, one of the original "Baby Bells" spun off from AT&T Corp. in the 1980s, absorbed Nynex Corp., the local phone company serving the New York and New England areas, in 1997. That deal was more a merger of equals that resulted in the former chairman of Nynex, Ivan G. Seidenberg, being named vice chairman and president of Bell Atlantic.

Analysts said Thursday that if a deal were reached between the companies, prices of some cellular calls, especially charges for roaming — calls made when the user travels outside the area served by the provider — could be sliced as much as 50 percent on the newly combined network, possibly enough to generate an industrywide reduction of rates.

"With all the increased competition in the industry, rates have been falling around 15 percent to 20 percent annually in wireless," said Mel Marten, an analyst with Edward Jones, an investment company.

"If this acquisition doesn't accelerate that amount, it should definitely keep it continuing."

Beyond lower prices, analysts said the main impetus for combining cellular networks was increasing consumer demand for convenience and simplified pricing — as reflected, for example, in the ongoing effort within the industry to offer service plans that can be used anywhere in the United States.

Last year, AT&T introduced its Digital One Rate service, under which users can buy 600 wireless minutes a month, for \$90, that can be used anywhere in the country. Sprint PCS has introduced similar plans.

Based on its closing stock price Thursday, Bell Atlantic has a market value of \$83.8 billion, just over twice that of AirTouch, which is valued at \$41.4 billion.

"This deal makes all the sense in the world," said Charles Morris, manager of the T. Rowe Price Science and Technology Fund, which owns AirTouch stock. "This allows them to have a national footprint and compete with AT&T and Sprint PCS."

Investor reaction Thursday as rumors of an acquisition began to circulate on trading floors was predictable — favoring the buyout target and pushing down the share prices of the buyer. AirTouch stock closed at \$72.4375, up \$3.0625, after flirting with a 52-week high of \$75. Bell Atlantic closed at \$54 a share, down \$3.50, and GTE fell \$3.375 to \$65.

Few expect the current mania to continue. But the excitement generated among investors by the Internet's potential is justified, analysts said.

"The Internet is the most exciting business phenomenon since the airplane or television," Mr. Wien of Morgan Stanley said. "It is truly a dramatic life-changing event, an open-ended situation investors have not been confronted with for some time. To say that this is a fad is an easy trap to fall into. But this is bigger than that."

Return of Irrational Exuberance? Investors Catch Internet Wave

By Kenneth N. Gilpin
New York Times Service

NEW YORK — The fourth quarter of 1998, when "technology" and "Internet" were synonymous with almost instant paper wealth and when the stock market staged a stunning turnaround, has left many professionals rubbing their eyes in disbelief.

"I can't explain it other than to say it is irrational exuberance," said Chuck Hill, director of research at First Call. "It is momentum investing, and there is no logic to it."

But there was some logic in stocks' rise from an apparent abyss to solid double-digit gains for the year.

On Oct. 1, when financial markets appeared on the verge of imploding, the Dow Jones industrial average fell more than 210 points and closed less than 100 points above 7,539.07, the low it hit Aug. 31.

But with many markets in the rest of the world having staged a comeback, the steep slide in U.S. stock prices was seen by many as a buying opportunity. Third-quarter corporate earnings were not as bad as expected, and perhaps most important, the U.S. Federal Reserve Board, along with more than 50 central banks around the world, cut interest rates.

"This was a liquidity-driven market," said Byron Wien, chief U.S. investment strategist at Morgan Stanley Dean Witter & Co. "The world was awash in it."

The decline in interest rates not only helped revive Wall Street's badly shaken psyche but also propelled the three most widely watched U.S. market indexes — the Dow, the Standard & Poor's 500 and the Nasdaq composite index — to new highs.

The gains for those measures were undeniably impressive. The Dow rose 17 percent in the fourth quarter of 1998. The S&P 500-stock index gained nearly 21 percent, its second-best quarter ever. The Nasdaq, heavily weighted with technology-company stocks, performed amazingly, rising 29.45 percent, just shy of its best quarter ever.

The strong finish accounted for most of the market's double-digit gains for the year. For all of 1998, the Dow rose 16.1 percent; the S&P 500 was up 26.67 percent, and the Nasdaq jumped 39.63 percent.

But, as was true for most of the year, a few stocks accounted for much of the market's strength in the fourth quarter. The Russell 2000 index of small-company stocks rebounded from Oct. 8,

when it closed at 310.28. But it never came close to the peak of 491.41 it hit on April 21 and finished at 421.96, down 3.4 percent for the year.

"If you look at the four major indexes — the Dow, the S&P, Nasdaq and the New York Stock Exchange composite — two of them have Intel, Cisco Systems, MCI WorldCom, Lucent Technologies and Dell Computer," said Walter Murphy, an analyst at Merrill

But there was some logic in stocks' rise to solid double-digit gains for the year.

Lynch & Co. "This is a very, very narrow market," he said. "To me that suggests there is a case to be made that once this rally is over, the market will go through a reasonably substantial retracement."

Those five stocks, among the biggest and most widely traded, did extremely well. Intel Corp., for example, which started the quarter at \$85.75, closed Thursday at \$118.5625, up 38.3 percent. Cisco Systems Inc., at \$61.8125 at the end of September, finished the year at \$92.8125, a gain of 50.8 percent. And Lucent Technologies Inc. moved from \$69.0625 to \$109.9375, up 59.2 percent.

But while technology stocks in general and Internet stocks in particular grabbed the headlines, they were not the S&P 500's best-performing group during the quarter. Transportation issues, battered earlier, gained that distinction, followed by investment-banking and brokerage stocks and apparel retailers.

Not surprisingly, the steep decline in oil prices hurt energy stocks, particularly oil-service and production companies.

Of the four worst-performing groups in the S&P 500, these stocks occupied three of the slots. Only gold stocks did worse. Among the Dow stocks, none did better than

Wal-Mart Stores Inc., which rose 49 percent in the quarter. And none did worse than Eastman Kodak Co., which fell 6.3 percent; faring nearly as badly were Boeing Co., which dropped 4.9 percent, and Sears, Roebuck & Co., which fell 3.8 percent.

Then there were the Internet stocks. It is hard to imagine, let alone explain, the stock-price rise of a company such as eBay Inc.

The on-line auction house, which went public in mid-September at \$18 a share and was trading at just above \$45 on Sept. 30, finished the year at \$241.25.

Amazon.com Inc. did not do badly

Cyber-Savvy Teenagers Run Nintendo's Help Phones

By Sam Howe Verhovek
New York Times Service

REDMOND, Washington — The cries of frustration and failure, of anger and helplessness, pour in from across North America — 125,000 on the day after Christmas alone. Invariably, the pleas for help are from adults, and mostly their lament is the same: "I just can't get it to work."

But there is hope this holiday season, because Aaron Barton, 16, a junior in high school in Kirkland, Washington, is on the other end of the line, armed with a technical-support manual as well as a set of suggested "empathy statements" provided by his temporary employer, Nintendo of America Inc.

"I can relate to how you're feeling,"

Aaron, reading from the company chart, tells a mother in Colorado. "I can see that you're upset," he tells another caller. "I would be feeling frustrated, too."

Then Aaron gets down to business, and most of the time he comes up with an answer. "Usually, it's got something to do with the input button on the remote," he explains matter-of-factly. "Sometimes they've got the line-in, line-out jacks mixed up. So I talk them through the setup."

For 150 high school students who live here in Redmond, a suburb of Seattle and one of the capitals of the high-tech world, Christmas vacation this year means working as a Nintendo "play counselor," staffing the phone lines and helping customers to hook up the com-

pany's popular video-game systems.

In a novel approach to what the company calls its "crunch week," the heaviest period of customer-service calls all year, Nintendo recently hired the Seattle-area teenagers. What the young workers get is practical: \$9 an hour and, provided they work the full week between Christmas and New Year's, a Nintendo 64 game set complete with a hand-held controller (retail value \$129.99).

But what they give is more profound: help that reaches across the generational bridge to the kind of people who could not program a videocassette recorder to save their lives.

"Maybe it's the way society brought us up," Daniel Wells, 18, a play counselor who is a senior at Interlake High

School in Bellevue, Washington, said when asked to explain why he and most of his friends had never had difficulty hooking up either a VCR or a Nintendo game set. "Or maybe we're just more, you know, advanced."

The Nintendo set is described on its package as "plug and play." But, judging from the calls that come into the company's main office here, a stone's throw from the world headquarters of Microsoft Corp., a lot of adults clearly have trouble plugging before they ever start playing.

"I've pressed every button on my TV set and my cable converter trying to get this thing to work," one woman who called the Nintendo help line told Katie Shaughnessy, 16, a junior at Redmond High School. "I set it to Channel 3, then I set it to Channel 4 — nothing," the woman said as two young children waited in the background that they wanted to play the game — now.

"Ma'am, I'd like you to try setting it to Channel 2," said Katie, speaking with the calm, impassive voice of an air traffic controller. "Now do you see where it says 'input' on your remote controller? Press that. Anything? No? OK, press it again."

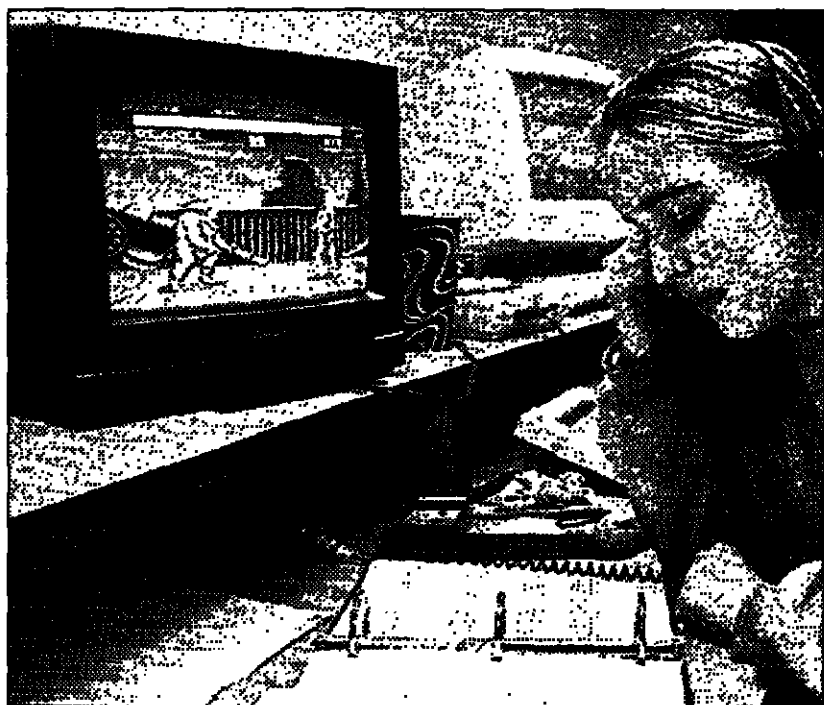
A pause on the other line. "Wait! Hey, there it is!" said the woman. "Wow, it's on. Hey, kids, it's working! Hey, thanks!"

Disconnecting her headset, Katie reflected that this Christmas job was vastly preferable to one she held earlier in the year, bagging groceries for \$6 an hour. "It's fun when you can help people," she said. "It's like, 'Cool! I can fix somebody's problem!'"

The temporary force is serving to double the size of the regular play-counseling staff and is primarily charged with setup problems, freeing the company's staff to deal with questions that focus on the games themselves.

In about nine out of 10 cases, the setup problem can be quickly diagnosed and fixed over the phone, said Pam Kelly, a training supervisor. Alas, there are some cases where nothing seems to work.

"Man, this is killing me," a caller



Katie Shaughnessy, 16, answering a call from a frustrated customer who was having troubles with one of Nintendo's video-game systems.

who gave his name as Dan confided to Daniel Wells, the play counselor from Bellevue. "I've tried it on every channel, 00 to 114, and nothing. Not even a bleep."

The call stretched on for half an hour, but nothing seemed to work; Daniel finally diagnosed a fault in the external device known as an RF switch, which did not have an official Nintendo "gold seal" stamped on it. The caller conceded he had bought it on the cheap at a local appliance store.

"I see my son only one day every month," the elder Dan confided to the younger Daniel. "He's here right now, and he can't play the game. It's just killing me."

Following company protocol, Daniel simply listened and said he understood that Dan felt frustrated; it would have been a breach of guidelines to suggest, say, that the man go outside and toss a ball around with his son instead.

Still, for every failure, there were

many cries of success.

"Oh, thank you! Thank you!" the Colorado mother, whose name was Karen, told Aaron Barton when he got the "Twisted Edge" virtual-snowboarding game to come to life on her new Nintendo set as her two sons, 11 and 13, clapped in the background.

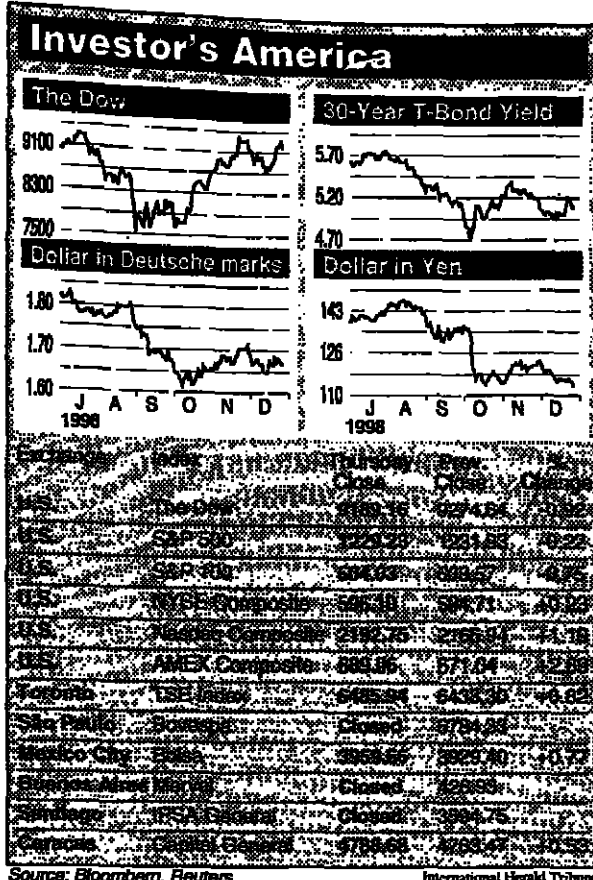
"No problem," Aaron replied. "Have a nice day and a happy New Year!"

After one call, Aaron pronounced his one-week assignment, the only job he has ever held besides a newspaper route, to be "totally awesome."

"I can't believe I'm getting paid to do this," Aaron said. "We get a free lunch, plus they have free arcade games whenever we go on break." But what he really liked, he said, was the feeling that all these people out there were turning to him for guidance.

"Here, I feel I'm really getting treated like an adult," Aaron said. "It's totally different from high school."

THE AMERICAS



Very briefly:

- 800 Travel Systems Inc. released its interactive Internet reservation system, its new electronic commerce travel product. The system allows registered members to reserve airline tickets with the assistance of a trained travel agent. The company also said it was confident the Exodus infrastructure could handle demand. It recently hosted an Election Day site that saw more than 1.7 million visitors.
- A U.S. federal judge has denied a motion by Optiva Corp., a power toothbrush maker, to stop Gillette Co. and its Braun Inc. unit from using certain advertising claims for Braun Oral-B Plaque Removers. Gillette said in June that it was suing Optiva over advertising claims related to Optiva's sonicare electric toothbrush. But Optiva countersued, alleging that Braun engaged in false advertising and deceptive business practices.
- Investor John Kluge sold his entire 13.89 percent stake, or 1.63 million shares, in PHP Healthcare Corp., a managed-care company in Reston, Virginia, that filed for bankruptcy protection in November. Mr. Kluge received a total of \$15,000, or 3 cents a share.
- Japan must carry out its banking reform plan and get its economy back on track to help other Asian nations overcome their recent economic woes, U.S. Treasury Secretary Robert Rubin said in a television interview. Japan must also stimulate its economy and deregulate and open its markets, Mr. Rubin said.
- U.S. executives bolstered their stock sales by 26 percent to a record \$36.2 billion in 1998, led for a third consecutive year by Microsoft Corp. executives. Share purchases by executives totaled \$2.8 billion in shares during the year, a 23 percent increase.
- Modis Professional Services Inc., which provides staffing and business consulting services, plans to cut about 290 jobs, or 8 percent of its workforce, and close 23 offices to cut costs. The company, based in Jacksonville, Florida, will take a charge of \$17 million to \$20 million for the job cuts and an additional \$10 million charge for office closings. It did not say when it would take the charges.

Microsoft's Lawyers to Grill Intuit's Chief as Trial Resumes

Bloomberg News
WASHINGTON — U.S. anti-trust enforcers' legal battle with Microsoft Corp. is continuing into the new year with renewed allegations that the software maker engages in monopolistic and illegal business practices.

After an almost three-week holiday recess, the trial resumes Monday with Intuit Corp.'s chief executive, William Harris Jr., on the witness stand to be cross-examined by John Warden, Microsoft's lead attorney. Mr. Harris is the latest in a parade of Silicon Valley executives who have traveled to Washington to testify at the landmark trial.

The case pits Microsoft, the world's largest software maker, against the U.S. Justice Department and 19 states that allege that the company uses unlawful tactics to protect from competition its monopoly on the software operating system that runs personal computers. Microsoft's Windows operating system powers more than 90 percent of the world's personal computers.

"The Windows operating sys-

tem is to most computer users and providers of software applications or Internet services what the dial tone is to businesses and customers using the telephone. It's the thing you must have access to if you are going to communicate with each other," Mr. Harris said in written testimony released Wednesday.

Microsoft says it does not have a monopoly on operating systems. In an effort to accelerate the trial, U.S. District Judge Thomas Penfield Jackson is having the parties submit their witnesses' direct-examination testimony in writing. The witnesses appear in court only for cross-examination.

Intuit's Quicken is the leading personal-finance software and competes with Microsoft's Money product. Microsoft, employing a tactic it has used throughout the trial, characterized Mr. Harris's allegations as the grumblings of a rival company.

Mr. Harris said Microsoft made Intuit succumb to an unwanted acquisition offer in 1994 and abandon a relationship with Netscape Communications Corp. to win a featured

spot on the initial computer screen that appears when the Windows operating system starts up.

In both of those instances, Mr. Harris contends, it was Microsoft Chairman Bill Gates who defined

company's contracts with computer makers and retailers.

Frederick Warren-Boulton, another economist, may have foreseen Mr. Fisher's testimony when he spent five days on the witness stand earlier in the trial testifying for the government.

Mr. Warren-Boulton said a Justice Department economist reviewing the data with Mr. Fisher had said it showed that, relative to the price of personal computers, the price of the Windows system "has increased pretty substantially over the last two years."

Mr. Warren-Boulton did not provide further details. Mr. Fisher's written testimony about the data will be released to the news media just before he is to take the stand.

Showing that Microsoft's price increases have hurt consumers is critical for government attorneys because, to win their case, they must show that consumers, not just Microsoft's rivals, suffered from the company's alleged anti-competitive behavior.

This facet of the government's case took on increased importance in June after a federal appeals court

ruled in a separate case that Microsoft was free to integrate new technologies into Windows as long as consumers benefited.

Since the trial began Oct. 19, the government has called 10 witnesses to the stand who said Microsoft's behavior had hurt technological innovation and limited consumer choice. Netscape's chief executive, James Barksdale, started off the trial as the government's lead witness, detailing Microsoft's alleged campaign against Netscape, its biggest rival in the market for browser software, which is what allows users to search the Internet for information.

Microsoft viewed Netscape's Navigator browser and Sun Microsystems Inc.'s Java computer language as the two biggest threats to its Windows monopoly power and set out to destroy them, anti-trust enforcers allege.

James Gosling, vice president of Sun and a creator of Java, testified that Microsoft had attempted to "pollute" the language. Microsoft countered that it had improved Java's performance on Microsoft systems.

Can '99 Top a Record Year of Megamergers?

Reuters
NEW YORK — Corporate merger and acquisition activity was at record levels around the world in 1998, with the "urge to merge" running wild despite a see-saw year in the stock market.

Worldwide mergers and acquisitions with a total value of \$2.49 trillion were announced last year, according to preliminary figures compiled by Securities Data Co., up substantially from \$1.618 trillion in 1997.

Price tags on megamergers rose steadily through the year, culminating in the record-setting proposed takeover of Mobil Corp. by Exxon Corp., valued at about \$80 billion when it was announced a month ago. The top 20 deals globally amounted to more than \$765 billion.

The fourth quarter of 1998 ranked second in all-time announced deal value for a quarter, at \$595.93 billion. But the leader remains the second quarter of 1998, with \$901.2 billion in deals announced, according to Securities Data's figures.

In addition to Exxon-Mobil, marquee deals in the fourth quarter included Astra AB's combination with Zeneca Group PLC, valued at about \$37 billion when it was unveiled three weeks ago, and Tyco International Ltd.'s \$11.6 billion "white knight" offer for AMP Inc., which bested

AlliedSignal Inc.'s \$10 billion hostile pursuit of AMP begun in August.

On Wednesday, U.S. regulators conditionally approved two of the largest combinations: AT&T Corp.'s \$48 billion purchase of Tele-Communications Inc. and British Petroleum Co.'s \$55 billion purchase of Amoco Corp.

Market participants said they expected a continued heavy volume of deals, assuming continued favorable economic trends such as low and steady interest rates and no revisiting of the U.S. stock-market drop of late August through October.

"I think going into 1999 we will probably see some acceleration in activity," said Keith Stock, senior consultant with A.T. Kearney.

"Given the record couple of years we have had, I see that as a continuing trend."

"We are likely to see increased transatlantic activity. We have seen the edge of the iceberg of that, and I think we will see parallel paths of pan-European mergers and transatlantic mergers continuing for the next couple of years."

Driving this, he said, will be a more positive regulatory environment and the emergence of Europe's common currency, the euro, which officially came into existence Friday.

"The euro has increasingly gotten the attention of U.S. companies

looking at opportunities in the second-largest developed market in the world — particularly when Japan does not look as attractive as it once was," he said.

Steven Cohen, director of research at the merger arbitrage firm Lockwood, Martin, Corp., and Kellner Dileo in New York, said: "All of the components are in place that have driven the deal business. I see no reason for that to change going into next year."

"The underlying positive economic outlook gives people confidence and makes them want to take risks. Plus there are all the factors that are causing mergers from a competitive standpoint."

Among these, he said, are mature industries looking for external means to increase earnings "through purchasing market share or simply creating greater efficiencies, which you see going on in the oil industry now."

But he warned that if a major economic upheaval such as a recession arrived, "then all of this is out the window."

Despite the unrelenting stream of deals in 1998, a handful of agreements that were aborted made for a mixed year for arbitrageurs such as Mr. Cohen, who make their money by trading on the difference between the stock prices of prospective merger or acquisition targets.

NYSE Sets New Limits

Bloomberg News
NEW YORK — The New York Stock Exchange, in its quarterly adjustment of its so-called circuit-breakers, has set the level for a trading halt in U.S. equity markets at a drop of 900 points, up from 800 points last quarter.

The changes will take effect Monday.

A 900-point drop in the Dow Jones industrial average would halt trading for one hour if the decline occurred before 2 P.M. New York time and for 30 minutes if between 2 P.M. and 3:30 P.M. but would have no effect between 3:30 P.M. and the market's closing at 4 P.M.

A 1,800-point drop would halt trading for two hours if the decline occurred before 1 P.M. for one hour if before 2 P.M. and for the remainder of the day if between 2 P.M. and 4 P.M.

A 2,700-point drop would halt trading for the remainder of the day regardless of when it occurred.

The previous triggers were 800, 1,600 and 2,350 points.

The Trib Index				
Jan. 1, 1982 = 100	Level	Change	% Change	Year to date % change
World Index	203.09	-0.40	-0.20	+18.00
Regional Indices				
Asia/Pacific	89.20	+0.54	+0.61	-7.15
Europe	236.10	+1.14	+0.49	+22.31
N. America	268.38	-3.50	-1.20	+32.52
S. America	82.64	+0.52	+0.63	-45.87
Industrial Indices				
Capital goods	301.29	-2.98	-0.98	+45.85
Consumer goods	248.73	-0.23	-0.09	+18.60
Energy	300.87	-0.94	-0.31	+3.03
Finance	139.80	+0.30	+0.22	+12.88
Healthcare	194.32	+0.36	+0.19	+29.85
Raw Materials	164.79	-1.15	-0.69	-1.46
Services	217.58	+0.05	+0.02	+24.82
Utilities	186.63	+1.16	+0.63	+11.84

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 250 internationally accessible stocks from 25 countries.

Compiled by Bloomberg News.

AMEX

Thursday's 4 P.M.

The 200 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press.

Stock	Sales	High	Low	Last	Chg.
IBM	1,217,171	121.75	121.50	121.75	+0.25
Microsoft	1,180,000	40.00	39.75	40.00	+0.25
Oracle	1,100,000	25.00	24.75	25.00	+0.25
Amazon.com	1,000,000	15.00	14.75	15.00	+0.25
Yahoo	900,000	10.00	9.75	10.00	+0.25
Google	800,000	5.00	4.75	5.00	+0.25
Alibaba	700,000	3.00	2.75	3.00	+0.25
Netflix	600,000	2.00	1.75	2.00	+0.25
Spotify	500,000	1.50	1.25	1.50	+0.25
Twitter	400,000	1.00	0.75	1.00	+0.25
LinkedIn	300,000	0.75	0.50	0.75	+0.25
Dropbox	200,000	0.50	0.25	0.50	+0.25
Slack	100,000	0.25	0.00	0.25	+0.25
Zoom	50,000	0.10	0.00	0.10	+0.25
Twilio	20,000	0.05	0.00	0.05	+0.25
Stripe	10,000	0.02	0.00	0.02	+0.25
SendGrid	5,000	0.01	0.00	0.01	+0.25
Mailchimp	2,000	0.00	0.00	0.00	+0.25
HubSpot	1,000	0.00	0.00	0.00	+0.25
Marketo	500	0.00	0.00	0.00	+0.25
Pardot	200	0.00	0.00	0.00	+0.25
ActiveCampaign	100	0.00	0.00	0.00	+0.25
GetResponse	50	0.00	0.00	0.00	+0.25
Constant Contact	20	0.00	0.00	0.00	+0.25
MailPoet	10	0.00	0.00	0.00	+0.25
Sendinblue	5	0.00	0.00	0.00	+0.25
Moosend	2	0.00	0.00	0.00	+0.25
MailerLite	1	0.00	0.00	0.00	+0.25
GetMailer	0	0.00	0.00	0.00	+0.25
MailboxLabs	0	0.00	0.00	0.00	+0.25
Mailjet	0	0.00	0.00	0.00	+0.25
Sendinblue	0	0.00	0.00	0.00	+0.25
Moosend	0	0.00	0.00	0.00	+0.25
MailerLite	0	0.00	0.00	0.00	+0.25
GetMailer	0	0.00	0.00	0.00	+0.25
MailboxLabs	0	0.00	0.00	0.00	+0.25
Mailjet	0	0.00	0.00	0.00	+0.25
Sendinblue	0	0.00	0.00	0.00	+0.25
Moosend	0	0.00	0.00	0.00	+0.25
MailerLite	0	0.00	0.00	0.00	+0.25
GetMailer	0	0.00	0.00	0.00	+0.25
MailboxLabs	0	0.00	0.00	0.00	+0.25
Mailjet	0	0.00	0.00	0.00	+0.25
Sendinblue	0	0.00	0.00	0.00	+0.25
Moosend	0	0.00	0.00	0.00	+0.25
MailerLite	0	0.00	0.00	0.00	+0.25
GetMailer	0	0.00	0.00	0.00	+0.25
MailboxLabs	0	0.00	0.00	0.00	+0.25
Mailjet	0	0.00	0.00	0.00	+0.25
Sendinblue	0	0.00	0.00	0.00	+0.25
Moosend	0	0.00	0.00	0.00	+0.25
MailerLite	0	0.00	0.00	0.00	+0.25
GetMailer	0	0.00	0.00	0.00	+0.25
MailboxLabs	0	0.00	0.00	0.00	+0.25
Mailjet	0	0.00	0.00	0.00	+0.25
Sendinblue	0	0.00	0.00	0.00	+0.25
Moosend	0	0.00	0.00	0.00	+0.25
MailerLite	0	0.00	0.00	0.00	+0.25
GetMailer	0	0.00	0.00	0.00	+0.25
MailboxLabs	0	0.00	0.00	0.00	+0.25
Mailjet	0	0.00	0.00	0.00	+0.25
Sendinblue	0	0.00	0.00	0.00	+0.25
Moosend	0	0.00	0.00	0.00	+0.25
MailerLite	0	0.00	0.00	0.00	+0.25
GetMailer	0	0.00	0.00	0.00	+0.25
MailboxLabs	0	0.00	0.00	0.00	+0.25
Mailjet	0	0.00	0.00	0.00	+0.25
Sendinblue	0	0.00	0.00	0.00	+0.25
Moosend	0	0.00	0.00	0.00	+0.25
MailerLite	0	0.00	0.00	0.00	+0.25
GetMailer	0	0.00	0.00	0.00	+0.25
MailboxLabs	0	0.00	0.00	0.00	+0.25
Mailjet	0	0.00	0.00	0.00	+0.25
Sendinblue	0	0.00	0.00	0.00	+0.25
Moosend	0	0.00	0.00	0.00	+0.25
MailerLite	0	0.00	0.00	0.00	+0.25
GetMailer	0	0.00	0.00	0.00	+0.25
MailboxLabs	0	0.00	0.00	0.00	+0.25
Mailjet	0	0.00	0.00	0.00	+0.25
Sendinblue	0	0.00	0.00	0.00	+0.25
Moosend	0	0.00	0.00	0.00	+0.25
MailerLite	0	0.00	0.00	0.00	+0.25
GetMailer	0	0.00	0.00	0.00	+0.25
MailboxLabs	0	0.00	0.00	0.00	+0.25
Mailjet	0	0.00	0.00	0.00	+0.25
Sendinblue	0	0.00	0.00	0.00	+0.25
Moosend	0	0.00	0.00	0.00	+0.25
MailerLite	0	0.00	0.00	0.00	+0.25
GetMailer	0	0.00	0.00	0.00	+0.25
MailboxLabs	0	0.00	0.00	0.00	+0.25
Mailjet	0	0.00	0.00	0.00	+0.25
Sendinblue	0	0.00	0.00	0.00	+0.25
Moosend	0	0.00	0.00	0.00	+0.25
MailerLite	0	0.00	0.00	0.00	+0.25
GetMailer	0	0.00	0.00	0.00	+0.25
MailboxLabs	0	0.00	0.00	0.00	+0.25
Mailjet	0	0.00	0.00	0.00	+0.25
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MailerLite	0	0.00	0.00	0.00	+0.25
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ASIA/PACIFIC

Seoul Bank-Sale Pact Could Set Pattern for Region

By Stephanie Strom
New York Times Service

TOKYO — The South Korean government has signed an agreement to sell a controlling stake in Korea First Bank to a consortium led by General Electric Capital Corp., the world's largest nonbank financial-services company, and backed by the financier David Bonderman's Texas Pacific Group.

Coming 15 months after the government nationalized Korea First, the agreement announced Thursday could establish a blueprint for other Asian countries, including Japan, Thailand and Indonesia, that are struggling to shore up their financial systems in the midst of one of the region's deepest economic downturns since World War II.

The purchase price was not disclosed, and a spokeswoman for the Financial Supervisory Commission, the government watchdog agency for the banking system, said the price and many other important details had not been made final.

If the deal is completed — and several agreements between foreign investors and South Korean companies have already fallen apart — it would be significant in a couple of respects.

First, it would be the clearest vote of confidence that the government of President Kim Dae Jung has received from a foreign investor since here in 1997. It also marks the start of the final phase of government efforts to overhaul South Korea's debt-laden financial system, under Mr. Kim and his economic team have moved to repair parts of the economy.

"It's quite an achievement for the Korean government and for Morgan Stanley to attract such high-quality bidders into the Korean market," said Wilbur Ross, senior managing director at Rothschild and an adviser to the Hallyo group, a South Korean conglomerate undergoing a painful reorganization, and to Chohung

Bank, another troubled South Korean bank. "I think it's another sign that the Korean economy is getting fixed."

Morgan Stanley Dean Witter was retained by the government to sell Korea First and Seoul Bank, another nationalized bank.

Bankers involved in the discussions said Thursday that the government was seeking at least \$2 billion for a portion of the 93.8 percent stake it acquired in August 1997 when it recapitalized Korea First by nationalizing it after two large corporate bankruptcies effectively made it insolvent.

The selling point of the consortium's bid was apparently its willingness to take only a 51 percent stake.

The other bidder, HSBC Holdings PLC, parent of Hongkong & Shanghai Bank, wanted a much bigger stake, as large as 80 percent, according to one person close to the discussions.

But the government wanted to hang on to more of its stake than that

would have allowed. Presumably, if a buyer succeeds in turning Korea First around, its shares will be worth more in the future, and that would help the government recover a bigger portion of the 1.5 trillion won (\$1.25 billion) of public funds that it used to recapitalize the bank.

At the end of June, Korea First's capital-adequacy ratio stood at 7.78 percent, up from a negative 2.7 percent at the end of 1997.

The Bank for International Settlements, which sets guidelines for international banking supervision, has established 8 percent as the minimum level for a bank's capital adequacy — the percentage of its assets held as reserve capital.

After June, the government gave Korea First a second capital injection, in part because of the severity of the economic crisis.

Korea First now has 3 trillion won (\$2.5 billion) in nonperforming loans, and the government has pledged to buy back any more loans that go bad in the first year after the consortium's purchase.

The sale of Korea First Bank will help the country to bolster its financial industry by acquiring advanced financial technologies," Lee Hun Jai, head of the Financial Supervisory Commission, said.

Some analysts will contend that a deal with HSBC would have better served the government's goals. HSBC is one of Asia's remaining banking powerhouses, and its involvement in the restoration of South Korean banking would have been reassuring to many investors.

But GE Capital, a unit of General Electric Co. of the United States, is also adept at financial management, and HSBC may end up owning part of Seoul Bank, which the government has also nationalized and promised to sell by Jan. 31.

In addition, by selling to the GE Capital consortium, which would be expected to try to turn the bank around and resell it rather than hold on to it, the government may be hoping to mute criticism that it is selling South Korean assets to foreigners in a fire sale.

Investor's Asia

Exchange	Index	Thursday Close	Prev. Close	% Change
Hong Kong Hang Seng		10,048.58	10,121.44	-0.72
Singapore Straits Times		1,362.78	1,384.70	-1.54
Tokyo Nikkei 225		13,842.17		
Kuala Lumpur Composite		586.13	574.56	+2.01
Bangkok SET		Closed	335.81	
Seoul Composite Index		Closed	582.46	
Taipei Stock Market Index		6,418.43	6,482.03	-0.97
Manila PSE		Closed	1,968.76	
Jakarta Composite Index		Closed	998.04	
Wellington NZSE-40		2,065.28	2,106.23	-1.90
Bombay Sensitive Index		3,068.34	3,170.93	-3.19

Source: Reuters International Herald Tribune

EUROPE

U.S. Bookstore Chain, Its Eye Now on Britain, Seeks Market Without Borders

By Doreen Carvajal
New York Times Service

LONDON — The Borders bookstore here stands four stories tall, with such a vast space devoted to words, chilled chardonnay and house-blend coffee that at least one British author felt the need to retreat to a new gleaming rest room for refuge from a panic attack.

The bookstore, in London's busiest shopping district, on Oxford Street, is part of the grand strategy of Borders Group Inc. to expand its reach outside the United States.

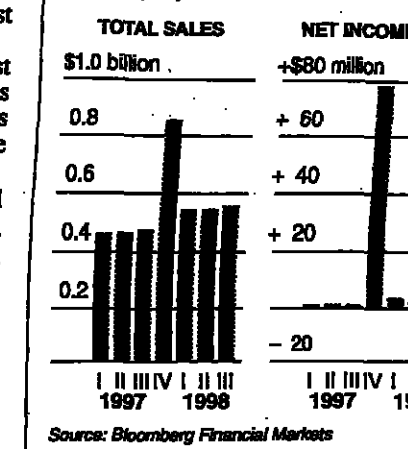
In the past two years, Borders, based in Ann Arbor, Michigan, has opened a total of five stores in Britain, Australia and Singapore, usually amid local headlines declaring a "U.S. Invasion" or a "War of Words." In the coming year, the bookstore chain, the second-biggest in the United States, plans to open as many as 10 more stores in English-speaking countries. It also appears to be nearing a deal to buy a stake of nearly 20 percent in Paper Chase, a chain of 14 stationery stores in Britain.

While its American rivals, Barnes & Noble Inc. and Amazon.com Inc., battle over the so-far unprofitable spoils of the Internet, Borders is investing in terra firma. But its expansion has raised questions about whether the chain has moved too slowly to invest in electronic commerce in books, which, along with software, are the most popular products sold on the Internet.

Shares of Borders Group, which hit a 52-week high of \$41.75 in July, have fallen substantially, in part because of a perception that it was not enthusiastic enough about Internet commerce. On Thursday, the stock closed at \$24.9375.

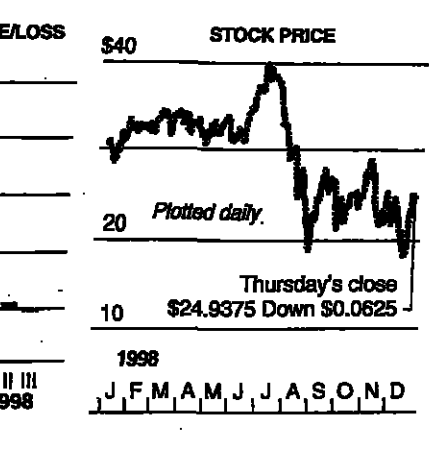
Spreading the Words

The Borders Group, the second-largest American bookseller, is the first to expand outside the United States. Here is a look at the company.



BORDERS GROUP

CHIEF EXECUTIVE Philip M. Pfeffer
EMPLOYEES 14,100
HEADQUARTERS Ann Arbor, Mich.



Source: Bloomberg Financial Markets

Since his arrival in November, the chief executive, Philip Pfeffer, has said that Borders should probably do more to promote its current Internet activities, noting that Borders upgraded its Web site in December and plans further improvements in January. But Mr. Pfeffer also said the company was committed to adding 400 superstores in the United States next year and expected to speed its international growth because sales at some of those stores had been "remarkable."

Although he declined to disclose revenue figures for the new international stores, Mr. Pfeffer said three of them ranked among the top five performers of

all its nearly 250 superstores. (Its other British stores are in Glasgow and Brighton.)

At the London store, the café opens at 8 A.M., and it serves a menu of sandwiches to lunchtime clientele. At night, a pianist plays a baby grand for patrons mixing latte and literature.

For the store's opening in August, Stephen King made his first personal appearance in England in 17 years to promote his novel "Bag of Bones," an event so crowded that a limit of 1,000 had to be put on autograph seekers.

Anne Rice paid a visit, and so did the Scottish author of "Trainspotting," Irvine Welsh, who read from his latest novel, "Fiftieth." A British rock singer, Julian Cope, came to the store, signing three autographs to promote his new book, "The Modern Antiquarian," before locking himself in the men's room with an attack of agoraphobia, or fear of open spaces.

"Accessible sophistication" is the image that Borders is trying to promote in Britain, said Philip Downer, chief of operations for Borders Ltd., the British subsidiary. He said that style meant that in the children's section, "we actively encourage children to trash the place."

To achieve that style, the British and American managers of the international stores have strived to mesh two cultures and corporate styles. In the autumn of 1997, Borders spent an estimated \$65 million to acquire Books Etc., a chain of more than 20 London bookstores started by Richard Joseph, now chief executive of the Borders bookstores in Britain.

On the advice of its British employees, Borders brightened the lighting, created larger signs to direct customers and painted the walls in bolder colors of

yellow and red. British employees adopted the more relaxed dress of the American managers.

It was Borders' goal to acquire a company that could give it the cultural knowledge to enter foreign markets so that its buyers could recognize, for instance, the appeal of "Bluff Your Way at Cricket."

Such knowledge is vital in a market with such keen competitors as W.H.

Borders, based in Michigan, has opened a total of five stores in Britain, Australia and Singapore, usually amid local headlines declaring a "U.S. Invasion" or a "War of Words."

Smith Group PLC and Waterstone's, which in 1998 merged with another rival, Dillons, to form the HMV Media Group and the country's largest bookstore chain. Shortly before Borders' grand opening in London, Waterstone's announced that it would open a bigger store a few doors away that featured 165,000 titles. Since then, the battle has intensified with Waterstone's declaration that it planned to open a seven-story bookstore in a former department store in London.

The British market started to be attractive to price-conscious American booksellers in 1995, when an industry agreement that barred retailers from

selling books at discounts was eliminated.

Borders entered Singapore because of liberal copyright laws, which allowed it to ship in book inventory from the United States, eliminating the major costs of setting up local distribution.

"The next phase would be to go into non-English-speaking countries — a large cosmopolitan country with a large population of English-speakers," said Vincent Altruda, president of Borders' international stores division. Started as a used bookstore in Michigan in 1971, the Borders chain is feeling its limits within the United States, where analysts have been saying for some time that the expanding market of superstores could reach saturation point after 2000.

"If they succeed internationally, they can say we generated higher returns than Barnes & Noble generated on-line, but it's so early that you can't say with any certainty that they can be successful overseas," said Craig Bibb, managing partner at Jasper Funds in New York.

"Maybe if they pull it off, they'll have the last laugh. I think you can see from the stock price that it's hurt them. They placed their bet, and they're it's going to be international."

Danielle Turnof Fox, an analyst with J.P. Morgan Securities, said the company could still prove its mettle.

"Because of Borders' strong track record, the company has a lot of residual goodwill on Wall Street," she said. "If the company has strong holiday sales, it is able to reassure investors that its growth rate is sustainable at around 20 percent and takes a more aggressive stance on the Internet, I think we could see the stock recover further."

BP Completes Purchase of Amoco, Forming Oil Giant

LONDON — British Petroleum Co. has completed its acquisition of Amoco Corp. of the United States, creating the biggest company in Britain and one of the largest oil concerns in the world.

BP acquired Amoco for about \$55 billion, forging BP Amoco PLC, which has a market capitalization of more than \$140 billion.

Shares in the new company will join the Financial Times-Stock Exchange 100 index of blue-chip stocks and begin trading in London at the opening of business Monday.

The stock will also begin trading that day, in American depositary shares, on the New York, Pacific, Chicago and Toronto stock exchanges. Trading of BP Amoco shares in France, Germany, Switzerland and Japan will be introduced progressively over the next week.

The deal cleared its final hurdle Wednesday when the U.S. Federal Trade Commission approved the deal on condition that the combined company sell 134 gasoline stations and nine terminals where oil products are stored. The acquisition was completed Thursday.

BP Amoco will rank as the third-

biggest oil company in the world behind the proposed combination of Exxon Corp. and Mobil Corp. — which the trade commission is only starting to review — and Royal Dutch/Shell Group.

The chief executive of BP, Sir John Browne, and the chairman of Amoco, Larry Fuller, noted that the deal had been completed in less than 100 work-

ing days, surprisingly fast for such a large transaction.

The credit rating agency Moody's Investors Service Inc. has assigned an A1 issuer rating to BP Amoco and upgraded it to A1 from A2 the senior unsecured long-term debt rating of BP.

Moody's said the upgrade of BP's rating reflected the new entity's status

as one of the largest and most geographically diversified integrated oil companies, with a number of enhanced market positions.

Nevertheless, the new company is likely to remain slightly below the other top-rated oil giants, Exxon and Shell, in terms of debt protection, Moody's said.

Behind Amoco's Late Leap: A Clerical Error

Bloomberg News

NEW YORK — Amoco Corp.'s share price jumped temporarily as trading ended for 1998 after the firm that makes markets in the oil company's shares incorrectly reported that orders by 10 million shares, the New York Stock Exchange reported.

In fact, there were more sell orders at the time than buy orders. "There was a miscue as a result of a clerical error which reflected an imbalance to buy rather than to sell," said Richard Grasso, chairman of the stock exchange.

Amoco shares, which had been up

about 3 percent, surged as much as 13 percent after the error last Thursday. British Petroleum Co., which completed its \$61.7 billion purchase of Amoco on Thursday, also soared.

The miscue caused confusion on the floor of the exchange, traders said. Some investors may have traded on the incorrect information. Representatives of the specialist firm, Quick & Reilly Group Inc.'s JJC Securities Corp. unit, were unavailable for comment.

Trades executed after the erroneous information was published will stand. NYSE officials delayed the close of trading in Amoco shares by 39 minutes

because of the mistake. With the acquisition of Amoco, BP's weighting in Britain's benchmark FT-SE 100-share index will increase, so some investors may have bought shares of both stocks for that reason, a trader said.

About 101 million Amoco shares changed hands, making it the most active stock in U.S. composite trading.

Amoco closed at \$59 on the Big Board, up 7.8 percent. In composite trading, it closed at \$59.875. BP, which was trading up about \$3 at \$86.125 before the buy-inbalance notice, rose \$11.9375 to \$95 on the NYSE. It closed at \$90.75 in composite trading.

Bonn Sees Jobs as EU Priority

The Associated Press

BONN — Germany assumed the rotating presidency of the European Union on Friday, with Chancellor Gerhard Schröder declaring job creation the primary goal of the six-month period of leadership.

In an article in the business newspaper Handelsblatt, Mr. Schröder also said Germany would focus on preparations for drawing Eastern nations into the European Union as well as on improving cooperation to prevent cross-border crime.

"We will not overcome these challenges without a close partnership with France," he said, acknowledging Germany's strong postwar ties with its neighbor. Together, France and Germany have been the engine behind the unification of Europe and the adoption of the euro, the common currency that begins trading Monday.

Bonn has been pushing hard for EU policies against Europe-wide high unemployment and flagging growth. German unemployment has been stuck for years at above 10 percent, and fighting joblessness was the main campaign promise that helped Mr. Schröder unseat Helmut Kohl as chancellor in September.

Mr. Schröder also addressed calls within his own government for a reduction in the country's EU dues, saying Germany would continue to pay a large share because of its responsibility as the European nation with the strongest economy.

Still, he cautioned that "excessive burdens must be rejected in the spirit of a fairness and cooperation."

Union Leader Warns Bonn

The chief of Germany's biggest trade union has warned that government meddling in pay negotiations could jeopardize job talks convened by Mr. Schröder, Reuters reported.

Klaus Zwickel, leader of IG Metall, angered by calls by ministers for wage restraint, said he would walk out if they were repeated in Mr. Schröder's "Alliance for Jobs" forum.

"Until now the government has not brought wage policy into the Alliance for Jobs," he told the daily Die Welt. "Whoever wants to bring wages policy into the alliance will destroy the alliance. I, for one, would then get up and leave." Mr. Schröder was host of a first session of talks with employer and union leaders Dec. 7. A second round is scheduled for Feb. 25.

WORLD STOCK MARKETS

WORLD STOCKS										WORLD STOCKS									
Thursday, Dec. 31										Thursday, Dec. 31									
Daily prices in local currencies.										Daily prices in local currencies.									
Tel Aviv										Tel Aviv									
High Low Close Prev.										High Low Close Prev.									
Buenos Aires										Buenos Aires									
High Low Close Prev.										High Low Close Prev.									
Hong Kong										Hong Kong									
High Low Close Prev.										High Low Close Prev.									
London										London									
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Manila										Manila									
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Mexico										Mexico									
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 The Associated Press.

12 Month High Low Stock Div Yld PE 100s High Low Latest Close

Continued on Page 14

صبرنا من الاعمى

Shift to the Euro / A Single Currency for 11 Countries

FOUNDERS: Sharing a Proud Moment

Continued from Page 1

They persuaded fellow European leaders to establish something called the European currency unit, expecting it to become coin of the European realm by the early 1980s, but it failed to speed the process.

"The delay was unnecessarily long," Mr. Giscard d'Estaing said in an interview in the French Parliament, "and without wanting to be too severe, I think it was caused by indifference and to some extent lack of financial literacy on the part of the European leaders of the early 1980s. They did not ascribe the same importance to it as we did, and maybe they were hesitant to get into the technical details, so the system went into a kind of hibernation from 1981 to 1988."

Then, with the collapse of communism in 1989, President Francois Mitterrand of France and Chancellor Helmut Kohl of Germany pushed harder for the common currency again, partly to bind a reunited Germany more firmly into a new single European market.

But even then, Prime Minister Margaret Thatcher and her successor, John Major, kept Britain out. And, Mr. Schmidt said, "the central bank officials in the other countries did not want to lose their power so they invented a thousand conditions, but in the end the idea finally prevailed."

To listen to them now, a common currency, strengthening the unified market that came into its own in 1993 when the last customs and tariff barriers fell in the European Union, will finally give Europe the opportunity to become a global power.

Sir Edward burred his reservations aside in an interview in his London pied-à-terre, near Eaton Square.

"There's no single market in the world without a single currency, not in Japan and certainly not in the United States," he said. "Imagine what the United States would be now if each of the 50 states had its own currency."

With new confidence in the stability of the economic and monetary policy of Europe, according to these most enthusiastic of the euro's cheerleaders, dynamic growth could finally cure the continent's chronic unemployment problem.

And investors around the world, they say, may welcome a strong new currency that can diversify portfolios.

That could weaken the dollar and force up interest rates in the United States, they concede, but they struggle to see it as easily as most presidents since Richard Nixon have struggled off the effects of U.S. monetary policy on smaller currencies.

"America and Europe will continue to need each other into the 21st century," Mr. Schmidt said, "but it remains to be seen whether the euro is good for the United States. Some governments will shift dollar-denominated assets into euro-denominated ones, which means the U.S. Treasury might have to pay higher interest rates to attract investors."

Mr. Giscard d'Estaing, though, says he wishes the euro were not quite so strong at the start.

"The dollar at the moment is a little too weak," he said. "I have the feeling the American economy is slowing down a bit, and that the American authorities accept that. There will be a dynamic between the euro's spontaneous tendency to strengthen, and a monetary policy for the euro that will try to contain that tendency."

The difference in views reflects a long-standing divergence in German and French attitudes toward money.

For Germany, a strong mark was a symbol of a defeated nation could take pride in after the war, a fact Mr. Giscard d'Estaing said he had felt obliged to take into account when he and Mr. Schmidt devised their 1978 plan.

"For the Germans, the idea of abandoning the Deutsche mark, losing it, and entrusting it to a bank controlled by governments they did not feel as much confidence in as in their own independent central bank, was impossible," Mr. Giscard d'Estaing said. "So independence for the European Central Bank was an essential core idea."

"The ease with which the Germans have accepted the end of the mark surprised me, and I think it surprised them too," he continued. "The strict criteria, the requirement to cut budget deficits, the independence of the central bank in the plan, all had the merit of reassuring the Germans."

The idea of a strong central bank found its way into the treaty that spelled out the final plan for the euro more than a decade later, though not quite the way Sir Edward would have preferred.

"Under our original plan, the City of London would have been the center of the whole deal," he said. Instead, he said, "it all went to Frankfurt," where the new European Central Bank is located.

All three leaders, with vivid memories of what World War II did to their countries, said they hoped monetary union would force the members of the European Union still closer, encouraging them to share sovereignty in foreign, military and domestic policies, not just economics.

Mr. Schmidt, a junior officer in the Wehrmacht during the war, looked out of his corner office high over prosperous Hamburg, a city rebuilt on postwar trade with Britain and France, and recalled seeing it as a vast expanse of rubble and flames strewn with bodies after a huge raid by British and U.S. bombers in July 1943.

"I'll never forget it," he said. He and Mr. Giscard d'Estaing, who joined the French Resistance as a boy, were on opposite sides then, and both said French reconciliation with Germany is at the heart of modern Europe.

"I want the euro to be an instrument in the federative approach to Europe," Mr. Giscard d'Estaing said. "The word 'federative' is a French 18th-century word Montesquieu used. It means sharing power or competence."

That is not the same at all, he added, as the English word "federal," as in the "federal European superstate" so dreaded by Eurosceptic Thatcher.

Mr. Schmidt said it was nonsense to think that a common currency would fall without a federal European state.

"Before 1914 Europeans had one currency: gold," he said. "Parties were fixed and did not change, and all countries followed the constraints that the system entailed."

Sir Edward, who fought Germans as a British artillery officer during the war, says his country's unwillingness to adopt the euro right away is a historical mistake.

"I was the only one bold enough to do it," he said.

British financial and stock markets, like the Continent's, will start dealing in euros in January, even though Prime Minister Tony Blair's Labour government, like its Conservative predecessor, wants to see how the euro works before Britain decides whether to give up the pound.

Mr. Giscard d'Estaing said he thought the British attitude was entirely reasonable, but Sir Edward disagreed.

"Ever since the 1950s, Britain has stood aside while all the European arrangements were made, so we had no influence on them, and then we decided to come in later," Sir Edward lamented.

Britain first started negotiations for European membership in 1961, but the autocratic French president, Charles de Gaulle, vetoed it two years later. His successor, Georges Pompidou, relented in 1972.

"Now we're back on the old path," Sir Edward said.

A previous engagement, the former prime minister said, would keep him from being in Hamburg on Wednesday for a delayed celebration of Mr. Schmidt's 80th birthday, which was Dec. 23. But Mr. Giscard d'Estaing said he would be there.

"We'll celebrate the arrival of the euro together," he said.



Mr. Schmidt believed there would be a single currency by the 1980s.



Mr. Giscard d'Estaing said the delay "was unnecessarily long."



Sir Edward said Britain has made a historical mistake on the euro.

EURO: 11 Nations Fix Monetary Bets on a More United Europe

Continued from Page 1

Commission, conceded that the issue was shrouded in confusion and that the supposed agreement in May was not clear. "What seems important to me is that Duisenberg was appointed for eight years," he said. "It is up to him to decide whether to step down early for whatever reasons."

Prime Minister Jean-Claude Juncker of Luxembourg, the only politician to have signed both the Maastricht treaty, which set in motion the process of economic and monetary union, and the agreement Thursday, said he was dismayed that the dispute had re-emerged on such an occasion. "It was not very intelligent politically to revive this debate," he said.

In a teleconference, governors of the central banks reported the rates at which their currencies were trading against one another and the U.S. dollar, and these statistics were used to calculate the rates at which the currencies will be converted to the euro. The tug of a blue curtain revealed a board with the rates, showing 1 euro representing 40,339 Belgian francs, 193,626 Deutsche marks, 166,386 Spanish pesetas, 6,559,575 French francs, 0,787,564 Irish pounds, 1,936,27 Italian lire, 40,339 Luxembourg francs, 2,203,71 Dutch guilders, 13,760,3 Austrian schillings, 200,482 Portuguese escudos and 5,945,73 Finnish markkaa.

Mr. Duisenberg described the locking of the rates, which have been stable for many months in the face of a global economic crisis, as "almost a formality — contrary to what could have been expected almost a year ago."

The ministers confirmed Denmark and Greece as members of the European Exchange Rate Mechanism, binding their currencies to trading margins of 2.5 percent and 15 percent, respectively, against the euro. Greece was unable to meet the entry conditions for the euro, including low levels of public debt and budget deficits, but Finance Minister Yiannis Papantoniou said it would meet all the targets by the end of next year and would seek to join by Jan. 1, 2001.

Economy Minister Mariann Jelved of Denmark, which opted out of monetary union in the initial round, said she was confident that Denmark would soon join, but added that it was necessary to hold a referendum first.

Two other members of the European Union, Britain and Sweden, are not initially adopting the euro.

Mr. Santer said there would be no relaxing of the requirement in the Maastricht treaty that new entrants must serve a two-year apprenticeship in the Exchange Rate Mechanism before being admitted to the monetary union.

Britain did not send a minister to the meeting, but its ambassador to the EU, Stephen Wall, wished the project well. "A successful economic and monetary union means growth and jobs for all

Europe, including the United Kingdom," he said.

The ministers also ruled that three European minsters — Vatican City, San Marino and Monaco — and the French overseas territories St. Pierre, Miquelon and Mayotte could use the euro as their currency, subject to restrictions.

Many of the ministers paid tribute to politicians and officials who had been instrumental in bringing about the euro.

DOLLAR: U.S. Currency Faces Challenger

Continued from Page 1

World War II into a bipolar regime," predicted C. Fred Bergsten, director of the Institute for International Economics, in a 1997 article in Foreign Affairs magazine.

What will that mean? For one thing, hundreds of billions of dollars currently invested in securities such as Treasury bills will be shifted to euro-denominated securities, according to Mr. Bergsten, who argues that as a result, the value of the dollar will fall sharply. That, he warned in an interview, could cause inflation fears to rekindle as imports get more expensive, and lead to higher U.S. interest rates.

Some experts take an even more dire view of the long-term consequences for a country that continues to live beyond its means by importing \$200 billion a year more than it exports.

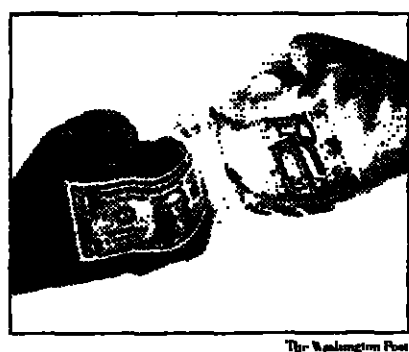
Up to now, the United States has encountered virtually no trouble getting the money from abroad that it needs to pay its import bill, partly because of the dominant status of the dollar. Companies selling, say, Sony televisions or Mercedes-Benz cars to Americans are content to take their payment in dollars and invest the proceeds in dollar-denominated securities such as Treasury bills. That is a dramatic contrast with, say, Russia or Thailand or Indonesia, which have been forced to borrow from the International Monetary Fund — and submit to its dictates — when people lost faith in their currencies.

"What America is about to lose — or, more exactly, to begin to lose — few Americans ever realized they had," wrote James Grant, editor of Grant's Interest Rate Observer. "This unique national blessing is the privilege of borrowing in the very currency that the United States alone can lawfully print. The strategic and financial value of this franchise is incalculable."

Thanks to the euro, in other words, the dollar will be less appealing for foreigners to hold. So to induce them to take dollars, American borrowers may have to offer more attractive returns — and, according to Mr. Grant, "competition from the euro will tend to cause dollar interest rates to be higher than they would otherwise have been."

They included a former prime minister of Luxembourg, Pierre Werner, author of the first detailed report on monetary union in 1969; a late president of France, Francois Mitterrand; a former chancellor of Germany, Helmut Kohl; the European commissioner for monetary affairs, Yves Thibault de Silguy, and Sir Nigel Wicks, a Briton who headed the EU Monetary Committee, which was responsible for the detailed planning of the union.

DOLLAR: U.S. Currency Faces Challenger



The Washington Post

But other economists dismiss such arguments as unduly alarmist. For starters, the euro will suffer from numerous drawbacks that will limit its appeal for use in trade and finance. A person holding a few million dollars can always park it easily in the giant market for U.S. Treasury securities, where dealers compete fiercely with one another so that investors need incur only modest costs for buying, selling and hedging.

By contrast, the convenience of the market for euros may be handicapped by the absence of a single, Euroland-wide bond such as the U.S. Treasury bond. Each country in the bloc will still issue its own securities.

Jeffrey Shafer, vice chairman of Salomon Smith Barney International in New York, said many of his firm's clients had expressed interest in borrowing and investing in euros. But the leading-currency status of the dollar "isn't what allows us to finance our deficit," said Mr. Shafer, a former Treasury undersecretary. "It's that we are the world's strongest country, with rule of law and respect for property. It also helps to have a first-class financial center — and we'll still have that."

Indeed, the ability of the United States to borrow in dollars came into question when inflation ran rampant in the late 1970s, and Washington felt obliged to issue bonds denominated in Deutsche marks. As long as U.S. inflation stays low, Mr. Shafer said, that sort of episode should not recur. "The dollar's advantages will still be there," said David Hale, global economist at Zurich Group in Chicago. "But we will be experimenting with alternatives in a way we haven't done before. All one can say is, 'Stay tuned.'"

Y2K: With a Year to Go to Electronic D-Day, Glitch Is Looking Solvable

Continued from Page 1

mortgage bills or silicon chips in thermostats that control the temperature in office buildings, have been programmed to process only the last two digits of a year, assuming that the first two would be 1 and 9.

If they're not fixed before 2000 arrives, the machines may interpret the year "00" not as 2000 but as 1900, potentially causing shutdowns or malfunctions in traffic lights, automated-teller machines, air traffic-control radar, nuclear power plants and myriad other systems essential to modern society.

Early last year, Ann Coffon of Giga Information Group, a consulting firm, was among many who were warning that most businesses and government agencies were too far behind in making the needed fixes, which often require programmers to pore through reams of computer code to identify and revise dates.

But based upon the progress reports businesses are releasing, Ms. Coffon has rethought her pessimism. Her newfound hope stems not just from the faster-than-expected repair work at large organizations but also from a smaller-than-expected problem with "embedded chips" — the silicon circuitry buried inside heart monitors, temperature gauges and other electronic devices.

Identifying and testing embedded circuitry has proved to be a Herculean task, but thus far most organizations have discovered only a small fraction of devices that actually need to be fixed or replaced, specialists say.

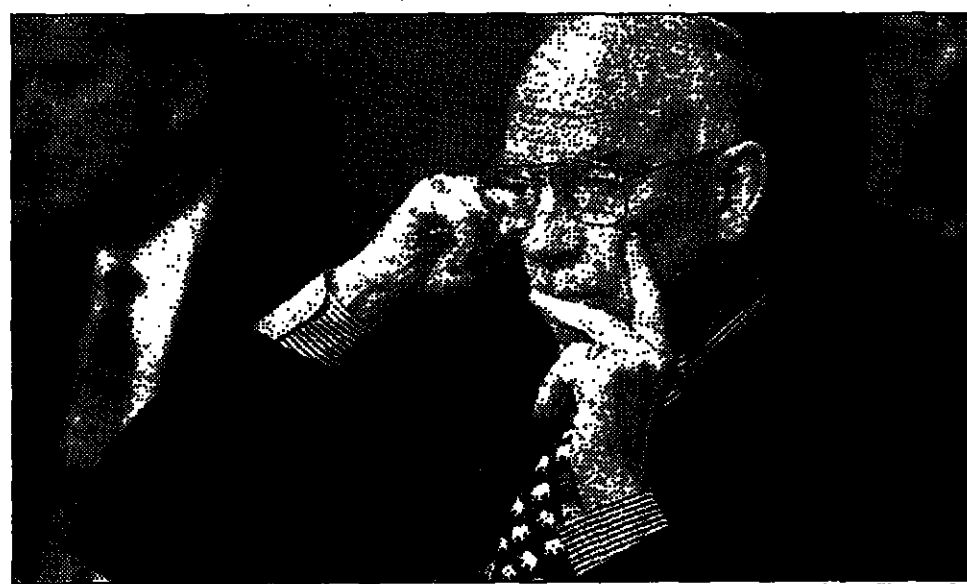
"It's not as bad as we thought," Ms. Coffon said. "I've started to feel much more optimistic."

Business executives and government officials say much of their confidence is based on recent progress in such critical sectors of the economy as telecommunications, energy and transportation, as well as within the federal government.

AT&T Corp., the biggest U.S. long-distance carrier, said it had fixed and tested all of its systems that handled phone calls and data transmissions and planned to start this year conducting additional tests with local phone companies.

Even if unforeseen glitches pop up next year, A. John Pasqua, AT&T's chief troubleshooter on the problem, said disruptions probably would be limited to billing errors and network-management problems and probably would not affect consumers' ability to receive or make calls.

"Our basic telephone systems don't need to know the year to operate properly," he said. "It is going to be the mouse that roared if it goes the way we have planned it," said Skip Patterson, executive director of the Y2K office



Senator Bennett listening to Jane Garvey, head of the Federal Aviation Administration, discusses her agency's plans for dealing with the Year 2000 computer problem.

at Bell Atlantic Corp. Although a recent poll found that 47 percent of Americans said they would avoid air travel around Jan. 1, 2000, Boeing Co., the largest manufacturer of commercial aircraft, said it had found just three Y2K glitches on its planes. The problems, which relate to navigational equipment, will not affect the operation of the aircraft, said Mary Jean Olsen, a spokeswoman for Boeing.

Other manufacturers of transportation equipment, including the major U.S. automakers, similarly report few or no Y2K problems in their products.

For the federal government, Mr. Koskinen predicts that 85 percent to 90 percent of the conversion work will be completed by a White House deadline of March 31. As of Nov. 15, the government had finished fixing 61 percent of its systems.

The Defense Department has only completed 57 percent of its work, but William Curtis, the project director for the Pentagon, predicts that the department will have 95 percent of its critical systems fixed by June. Mr. Curtis said recent Y2K weapons tests had gone well and said the department had held meetings with Russia on possible problems with early-warning systems.

Even if U.S. companies and government agencies make the deadline, analysts warn that computer failures internationally could affect

U.S. consumers by, for instance, disrupting imports of raw materials or other goods.

Those who are skeptical of corporate Y2K claims point to recent statements that publicly traded companies have filed with the Securities and Exchange Commission. As of Oct. 1, the 315 companies in the Standard & Poor's 500-stock index that had submitted details of their Y2K costs had spent, on average, only 42 percent of the money they had budgeted for repair work, according to an analysis by Edward Yardeni, chief economist for Deutsche Bank Securities. But they also had increased their budget for fixing the problem by 26 percent from what they estimated in early 1997.

"There's a correlation between the percentage of money spent and progress in fixing the bug," Mr. Yardeni said. "There's still a lot of work to do in the next 12 months."

Chase Manhattan Corp. said its costs had jumped to \$363 million from \$300 million. DuPont Co., which had earmarked \$200 million, now expects to spend \$400 million. Aetna Inc., the biggest U.S. health insurer, said recently that bigger-than-expected Y2K bills — \$195 million instead of \$139 million — had contributed to a 6.1 percent drop in its third-quarter profit.

Industry analysts predict the worldwide cost of making date-related repairs to between \$300 billion and \$600 billion — and more than \$1 trillion including litigation and insurance costs.

Industry specialists have differing views of the cost increases. Some contend that they show that corporations are taking the problem more seriously and putting more money into testing their important systems. But others say it points to the discovery of more and more problems, making on-time repairs less and less likely.

However much better the experts may feel, ordinary Americans still have concerns. Nearly two-thirds of 1,032 adults polled recently for the National Science Foundation and USA Today said they probably would obtain documentation of their bank balances and other financial records before the end of 1999. But more than seven of 10 said they probably would not do such things as stockpile food and water or buy a generator.

Those supervising the repair effort acknowledge that their optimism is based on maintaining — or even increasing — the current rate of repair work. "There's still an enormous amount of work to do," Mr. Bennett said. "This is not a time to relax."

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SCENE: Financial World Works Overtime to Prepare for Euro's First Day

Continued from Page 1

from trading European stocks over the past two years than it has from trading on Wall Street.

"We'll make a tremendous amount of money" from monetary union, Mr. Shivers said. "It's a tremendous business opportunity. Europe's going to be a wondrous place to be in the financial-services industry."

Bill Winters, head of fixed-income trading at I.P. Morgan & Co., agreed. "We haven't really begun to feel the effects," he said, "but we're predicting a surge of interest in the \$2 trillion government bond market covering the 11 countries that would invigorate the economy by making cheaper money available to European companies."

But to get there, financial institutions will

have to work overtime over the weekend to convert more than 3,000 government bonds, several hundred equities and thousands of currency contracts, options and other securities from the so-called legacy currencies of the 11 participating countries into euros.

In London, which aims to retain its status as Europe's leading financial center despite Britain's decision to stay out of the euro, an estimated 30,000 people were expected to work over the weekend. Thousands of people were performing similar tasks in Paris, Frankfurt, Milan and other Continental centers. Even some staff at banks and securities custodians from Australia to the United States had to postpone New Year's celebrations if their firms held investments in Europe.

The Bank of England and the European

Central Bank said there was no sign Friday of serious problems, a view echoed by a number of major firms and exchanges. Most banks had already carried out full-scale rehearsals on weekends, and they said the conversion work itself was on or ahead of schedule.

The work at Merrill Lynch alone involved 200 computer systems. At Chase Manhattan Corp., some 1,800 employees around the world were working over the weekend to redenominate 2,500 securities, convert 75,000 foreign-exchange and derivatives contracts, and change 17,000 interbank and corporate deposit accounts from legacy currencies to euros.

Anthony Davies, the executive in charge of the Chase's conversion program, said, "If anything significant emerges, we're pretty confident we can handle it."

The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.

Sl. No.	Particulars	Amount	Sl. No.	Particulars	Amount
1	Salaries and Wages	100000	11	Depreciation	5000
2	Office Expenses	20000	12	Interest on Loans	15000
3	Travel Expenses	15000	13	Income Tax	10000
4	Repairs and Maintenance	10000	14	Provision for Bad Debts	8000
5	Utilities	8000	15	Dividends Paid	12000
6	Insurance	6000	16	Reserve for Contingencies	10000
7	Advertising	4000	17	Transfer to Reserve	20000
8	Research and Development	3000	18	Profit and Loss	100000
9	Legal Fees	2000	19	Retained Earnings	100000
10	Professional Fees	1000	20	Other Income	5000

Thursday's 4 P.M.

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12-Month High	Low	Stock	Div Yr	PE	Vol	100 Shares	Last	Change
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22 1/2	22 1/2	4M		11	10	100	22 1/2	0
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22 1/2	22 1/2	6M		11	10	100	22 1/2	0
22 1/2	22 1/2	7M		11	10	100	22 1/2	0
22 1/2	22 1/2	8M		11	10	100	22 1/2	0
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22 1/2	22 1/2	60M		11	10	100	22 1/2	0
22 1/2	22 1/2	61M		11	10	100	22 1/2	0
22 1/2	22 1/2	62M		11	10	100	22 1/2	0
22 1/2	22 1/2	63M		11	10	100	22 1/2	0
22 1/2	22 1/2	64M		11	10	100	22 1/2	0
22 1/2	22 1/2	65M		11	10	100	22 1/2	0
22 1/2	22 1/2	66M		11	10	100	22 1/2	0
22 1/2	22 1/2	67M		11	10	100	22 1/2	0
22 1/2	22 1/2	68M		11	10	100	22 1/2	0
22 1/2	22 1/2	69M		11	10	100	22 1/2	0
22 1/2	22 1/2	70M		11	10	100	22 1/2	0
22 1/2	22 1/2	71M		11	10	100	22 1/2	0
22 1/2	22 1/2	72M		11	10	100	22 1/2	0
22 1/2	22 1/2	73M		11	10	100	22 1/2	0
22 1/2	22 1/2	74M		11	10	100	22 1/2	0
22 1/2	22 1/2	75M		11	10	100	22 1/2	0
22 1/2	22 1/2	76M		11	10	100	22 1/2	0
22 1/2	22 1/2	77M		11	10	100	22 1/2	0
22 1/2	22 1/2	78M		11	10	100	22 1/2	0
22 1/2	22 1/2	79M		11	10	100	22 1/2	0
22 1/2	22 1/2	80M		11	10	100	22 1/2	0
22 1/2	22 1/2	81M		11	10	100	22 1/2	0
22 1/2	22 1/2	82M		11	10	100	22 1/2	0
22 1/2	22 1/2	83M		11	10	100	22 1/2	0
22 1/2	22 1/2	84M		11	10	100	22 1/2	0
22 1/2	22 1/2	85M		11	10	100	22 1/2	0
22 1/2	22 1/2	86M		11	10	100	22 1/2	0
22 1/2	22 1/2	87M		11	10	100	22 1/2	0
22 1/2	22 1/2	88M		11	10	100	22 1/2	0
22 1/2	22 1/2	89M		11	10	100	22 1/2	0
22 1/2	22 1/2	90M		11	10	100	22 1/2	0
22 1/2	22 1/2	91M		11	10	100	22 1/2	0
22 1/2	22 1/2	92M		11	10	100	22 1/2	0
22 1/2	22 1/2	93M		11	10	100	22 1/2	0
22 1/2	22 1/2	94M		11	10	100	22 1/2	0
22 1/2	22 1/2	95M		11	10	100	22 1/2	0
22 1/2	22 1/2	96M		11	10	100	22 1/2	0
22 1/2	22 1/2	97M		11	10	100	22 1/2	0
22 1/2	22 1/2	98M		11	10	100	22 1/2	0
22 1/2	22 1/2	99M		11	10	100	22 1/2	0
22 1/2	22 1/2	100M		11	10	100	22 1/2	0

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MONEY

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SPORTS

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It's Difficult, It's Necessary, It's Time: Chart Your Financial Future

I. Where You Are Now

Assets

Cash and equivalents

Checking accounts and money-market funds
Savings accounts
Cash value of life insurance

Investments

Stocks
Bonds
Mutual Funds
Equity interest in a business
Company retirement plan
Individual retirement plan
Government pension plan
Profit sharing
Loans owed to you

Real estate (estimated current market value)

Residence
Vacation or second home
Other properties

Personal property (estimated current market value)

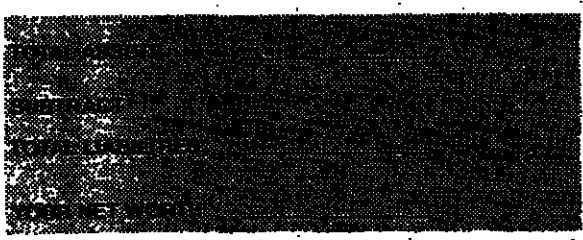
Household furnishings
Car
Jewelry, furs
Antiques, art, collections, etc.

TOTAL ASSETS

Liabilities

Credit card balances
Charge account balances
Utilities
Auto loans
Mortgage on primary residence
Mortgage on vacation property
Personal loans
Life insurance loans
Other

TOTAL LIABILITIES



II. Income

Salary
Rental income
Other

Total Income

Expenses

Mortgage or rent
Income taxes
Social charges
Alimony, child support
Installment and credit card payments

Legal and accountants fees
Food

Home maintenance & furnishings

Other transportation
Pocket money
Clothing/cleaning and laundry
Personal care

Medical and dental bills

Educational expenses

Entertainment, recreation, gifts

Charitable contributions

Subscriptions

Miscellaneous

Other

Total Expenses

AS MALEDICTIONS go, "May you live in interesting times" is desirable. Times of great change provide opportunities to the intellectually agile, as well as the threat of disruption and loss to those who prefer the status quo.

The fin-de-millennium investment world is nothing if not interesting. On Wall Street last year, the Dow Jones industrial average rose 18 percent between New Year's Eve and July 17, then fell nearly 20 percent by the end of August, only to rise to new highs in November. Those are blue-chip stocks, from which you can expect low volatility, and the United States is in its eighth year of economic expansion, with no visible fundamental catalyst for such drastic

swings. But the steady U.S. growth in the 1990s contrasts with a slower expansion in Western Europe and with the deflationary pressures that have wracked the Pacific and emerging economies elsewhere in the past two years, thanks largely to an investment boom that was undermined by a lack of attention to valuations.

While commodity prices tumble, another, benign, kind of deflation is sweeping the world, caused by technological innovations that have made machines and processes far more efficient than they were just a few years ago. And while computers are pretty powerful on their own, if you link them you get a worldwide network that changes everything.

If you doubt the power of the Internet,

consider: If you had put \$1,000 into America Online Inc. at the start of 1998, it would be worth \$5,856 today. The same amount invested in Sony Corp.'s American depositary receipts would have shrunk to \$798. One of the few Internet companies with real earnings, AOL is now worth \$71 billion; Sony, an innovative high-tech company four decades older, can be had for about \$30 billion.

Some might say that with markets as topsy-turvy as that, there is no point to trying to plan an investment strategy. We wish them the best of luck. For the rest of our readers, we present our annual financial-planning section.

This year, we provide specific advice for residents of Italy, Japan, Mexico and the

Netherlands and for American expatriates. We asked financial advisers to tailor plans for our Everyinvestor: a 40-year-old with adequate insurance coverage, a residence and about \$50,000 available to put away for retirement. The advice takes into account local tax laws and investor preferences. The planners tended to recommend substantial positions in bonds, indicating that deflationary pressures may be around for a while.

For readers everywhere, we have provided worksheets and tables to help you get a handle on your finances and goals. With global economies as unsettled as they are, having an idea of where you are will help you figure out where you should be going.

U.S. Expatriates: Two Sets of Needs, Two Sets of Investment Goals

By Conrad de Aenlle

FOR AMERICANS abroad, investing can be especially complicated. In addition to the usual asset-allocation calculus, expatriate Americans must consider the consequences of two tax systems — each of them likely to apply different rules to earned and investment income, capital gains and pension savings — and two currencies, the dollar and whatever they pay their bills in at the moment.

A good way for American expats to organize their assets, said Trevor Greetham, a global equity strategist at Merrill Lynch & Co., is to divide them into long-term money expected to be used in the distant future in the United States, such as for retirement, and funds likely to be needed sooner in their adopted countries.

A large proportion of the longer-term money should be kept in the kinds of assets that tend to perform

better than others over the long haul, albeit with greater volatility, such as stocks and long-term bonds, especially if those denominated in dollars.

"If investing for the long term, the most important thing for an American is to have lots of assets in U.S. dollars," Mr. Greetham said. "If it's long-term capital, they don't want to take on too large a currency risk. That nest egg is meant to be there when they return to the States."

Most of the short-term money, however, is best left in the currency of the country of residence. "It should be weighted to the currency you're working in because you're more likely to want to spend it," he said, citing home-buying and school fees as typical expenses. For the same reason, "that money would have a bigger weighting in short-term assets like cash and short-term bonds."

The amounts kept in dollars and other currencies depend on how long an expatriate plans to stay in his new country, said Bill Blevins, head of

Blackstone Franks, an international financial adviser in London.

Employees on short-term foreign postings run the risk of returning home with large amounts of cash and investments denominated in a foreign currency that has fallen in value against the dollar. The risk is especially great in the developing world, where foreign-exchange rates are subject to violent movements.

An expatriate must always consider tax consequences before deploying money abroad, said Michael Rendell, an international tax specialist for PricewaterhouseCoopers. "Some Asian countries only tax residents on their local income," he said. Any dividends, interest and capital gains accrue free of tax, although there is a potential liability to U.S. tax.

That also holds in some European countries, such as Britain, which does not tax resident foreigners' investment income unless it is imported into the country, but not others, such as Germany. Fortunately, treaties with the United States exist to ensure that the same

income is not taxed twice.

"Most European countries tax residents on their worldwide income," Mr. Rendell said. "Some don't tax capital gains, some do. Generic, simple rules are fine, but individual cases are going to require considerable thought."

No matter how particular revenue authorities treat foreigners, he added, taxes should not drive investment decisions. Those decisions can be plain or fancy. For expatriates with small sums to put into action, Mr. Blevins suggested "a simple, well-diversified international fund," reasoning that "you wouldn't want to spread your money around too many investments."

Mr. Greetham of Merrill Lynch said that an American expatriate planning to return home for good one day should allocate assets just as any other American. Merrill Lynch's recommended weightings these days are 40 percent in stocks, 55 percent in bonds and the rest in cash, a relatively weak endorsement for equities. Of the portion

reserved for stocks, 65 percent should be kept in the United States and the rest invested abroad, with no favoritism shown to the country or region of residence, he said.

Looking only at the chunk devoted to markets outside the United States, Europe would receive just over half, with the biggest investment going to Britain, which is Europe's largest stock market, and France, which Merrill overweighted relative to the size of its market.

The firm recommends an additional 19 percent for Asia and 11 percent for emerging markets. A small amount of the equity portfolio is left as cash awaiting investment.

While the equity portion of this portfolio is heavily invested in American companies, Merrill's global equity portfolio, for investors with looser ties to the United States, is comparatively underweight in the U.S. market. U.S. stocks merit only 37 percent, compared with a weighting of 46 percent based on the size of the market. Europe is allotted 33 percent, compared with a 28 percent neutral weighting.

Japan: Searching for a Plan Amid Social and Economic Upheaval

By Miki Tanikawa

THE financial and social upheaval in Japan is forcing people to pay closer attention to investment planning. Jobs seem less secure than before, salary and bonus cuts are becoming more common and performance is slowly eroding seniority as a basis for pay scales.

An indication of how much people are taking this to heart is that the number of certified members of the Japan Association for Financial Planners has nearly tripled in the past two years, to 34,000.

"Until a while ago, people didn't need a life-long financial plan," said Koichi Ito, president of Polano Consulting Inc., a Tokyo-based financial planning consultancy. "Life-time employment obviated the need for a financial planning."

In those days, people could easily predict their future level of income and were assured ample retirement pay and benefits. While Japanese are famous for their drive to save, they have been less pressed to create an investment portfolio that will translate into steady future cash flows.

As concerns grow that public pension funds may not be able to provide the anticipated level of support, Mr. Ito proposes a formula to help cope.

Of the \$50,000, or around 6 million yen, that the hypothetical Money Report investor has for retirement, Mr. Ito said a sixth, or around a million yen, should be kept liquid for emergencies. He recommended what is commonly known as an MMF, or money management fund, which invests in safe, yen-based fixed income instruments. MMFs are available at most large securities firms and usu-

ally yields a little over 0.7 percent, compared with a 0.1 percent interest rate for regular bank deposits. Except for the first month, deposits can be drawn at any time.

Mr. Ito suggested that the next 2 million yen be used to repay, ahead of schedule, principal of the mortgage. A 40-year-old is likely to hold. It is common for middle-income Japanese to buy a house in their mid-thirties with a 30-year mortgage — an onerous commitment for people who most likely locked themselves in a 5 percent to 6 percent interest rate, if the loan was taken out about five years ago. When yields are so low on most safe instruments, lightening the mortgage burden is a "good investment," Mr. Ito said.

Another major expenditure that most Japanese households face is the cost of education, especially at the university level. The total bill for a

four-year private institution would be about 8 million yen per child, Mr. Ito estimated, and for this future expense, he would put a million yen in a domestic public/corporate bond fund that yields about 3 percent annually. Safety is an overriding consideration for this portion of the portfolio since the money must be ready when the time to go to school comes.

For the final 2 million yen, Mr. Ito suggested an investment trust, similar to a mutual fund, for a retirement nest egg. Creating a four-way investment trust portfolio is preferable, Mr. Ito said, with the money split among a global, American, European and Japanese funds, with perhaps a little more allotted to the global fund than the rest. Mr. Ito prefers such global funds as Goldman Sachs's Caesar and Da Vinci, and Nomura's World

Star Open. For the European portion, he likes Fidelity's European funds; and for exposure to the U.S. market, Mr. Ito recommended Nomura World Country American OTC Equity and Nikko's U.S. Index fund. The Japan portion of the portfolio, Mr. Ito said, could go to open-ended funds such as DKB-Asahi's Japan and GT Global Japanese Equity.

Several criteria dictated Mr. Ito's choices. The funds should have track records longer than three years with a solid average performance, a minimum total net balance of 1 billion yen, currency hedges for overseas equity and a relatively long management period. Altogether, the investment trust portion of the 6 million yen fund will aim to return about 8 percent annually, he said.

III. Specific Financial Goals

Goals	Short term (1 year)	Medium term (5 yrs.)	Long term (10 yrs.)	Longest term (30 yrs.)
Education expenses				
Debt reduction				
Buy a house				
Make home improvements				
Buy a car				
Any other large purchases (e.g. boat, plane, art)				
Take a dream vacation				
Buy a vacation home				
Retirement/Financial Independence				
Have children				
Increase level of charitable giving				
Buy a retirement home				
Provide for survivor in event of my death				
Start a business				
Other				
Other				
Totals				

WHAT DO you have, and what do you need? For most working people, these are questions that ought to be addressed, especially in light of demographic and economic trends that make it unlikely that government pension plans will provide enough income for a comfortable retirement.

You can get a rough idea of where you stand and where you are going by filling out the forms on this page and using the tables here and on Page 16. The forms are adapted for international investors from standard financial-planning aids, and the tables were calculated by Ibbotson Associates of Chicago.

We have excluded some from many of the calculations because they vary widely from country to country and among individuals. In the return tables, it is assumed that you reinvest all dividends, interest payments and capital gains, so if your gains are subject to taxes, allow for them in Table II. As is evident from the recent performance of the financial markets, nobody can tell you what kind of returns your investments will provide in any given year. Yet based on long-term results in the United States, conservative investors who hold money cash and highly rated short-term bonds can expect a

4 percent annual return over time, while an equal weighting of stocks and bonds might provide 8 percent, and investors concentrating on equities might hope for 12 percent a year.

With those ground rules in mind, it is time to start making the forms.

1. Table I will show you your net worth, but its main goal is to identify how much money you have available to invest. First, pick a currency to do the calculations. If you have holdings in more than one country, you can use the foreign-exchange table in the daily Business/Finance section to convert them into your main currency.

When you add your assets and liabilities you should come out with a positive net worth. If not, include the monthly debt-service cost with your expenses. If you have positive net worth but also owe money, you might want to consider liquidating some holdings to pay off loans.

2. Now move to Table II. You might have to do the conversions of the items, such as salary and taxes, to a monthly amount on an annual basis. To calculate the monthly income-tax bite, take the taxes you paid in 1997 or 1998, divide by 12 and increase that result by whatever percentage the

you expect in your salary for 1998 plus one or two percentage points because the new money will be in the highest bracket to which you are subject. Additionally, if much of your investing is in taxable vehicles, you should add one or two percentage points to account for increased income as your assets grow, although some countries give breaks on a portion of such gains.

The difference between income and expenses is the amount available to invest. If you came up with a negative number, you have a problem: You are spending more than you are making. Unless you have a high net worth or are expecting a big raise or a financial windfall, you will have to consider ways to trim your expenses.

3. On a brighter note, you can begin Table III by drawing a little. Write down all the things you would like to buy in the coming years. Use the current prices in your primary currency, adjusted for inflation with the multipliers in Table IV.

4. Now that you know what everything you want costs, see if you can afford it. Look at your current investments, and use the multipliers in

Table V to estimate how much they will grow. Unless you have a lot saved or very little, you will probably want to assign part or all of a specific asset or account to each goal.

For example, if you have money in a stock mutual fund and you want to use it to buy a vacation home in 10 years, you can expect the value of your investment roughly to triple.

If you do not have enough to finance your goals, consider shifting to more aggressive investments, especially for the long term: A 10-year investment that grows at 8 percent doubles, while a 12 percent return would make it triple.

5. Unless you are already well-to-do or have modest goals, you will probably find your current assets insufficient. So, using Table VI, figure out how much you need to save each month. The numbers show how much you need to put aside each month at various interest rates to have a thousand units of whatever your currency is at the end of each of the periods. As in the previous table, as returns increase and investment periods lengthen, it gets easier to save.

6. When you have calculated what you need to save for each of your goals, add the numbers up and compare this sum with what you have available to save each month. If you are saving as much or more than you need, congratulations. If not, you have three choices, which you can judge by revising the numbers in Tables I and III:

• Scale back your expectations. Plan for a smaller retirement home or put off buying a car.

• Increase your income. Take another job or a higher paying one or work extra hours. You can also try to shift to more aggressive investments, but that is mainly a long-term strategy. If you had taken your money out of a 4 percent bank account a year ago and put it in that stock hoping for double-digit returns, you would have lost half of your investment.

• Trim your expenses. Especially if you are in your 20s or 30s, a little each month can make a big difference later.

7. To illustrate this last point, we provide you with Table VII: How to save \$1 million to retire at 65. It is difficult to say how much will finance a really comfortable retirement, but it seems likely that \$1 million would be enough for most people, especially if they have some pension income. At an 8 percent annual return, a person who starts saving at 25 needs to put away less than \$300 a month. At 40, that rises to more than \$1,000

Netherlands: Low-Risk Fans

Conservative Strategies to Ride Out Market Turmoil

AROUND 50 percent of the Dutch population invest in the stock market, which is high by European standards. Yet, a decade ago, less than 15 percent of Dutch investors owned shares.

"The Dutch have always been fairly conservative when it comes to investing money," said Tom Hansel, a financial adviser in Amsterdam. "Even today, a typical Dutch investor would not consider investing money in the stock market unless he had at least \$10,000 on deposit in a high-interest savings account."

"Dutch investors started to get interested in equities a few years ago when they saw the huge profits that could be made from these investments," he continued. "At that time many individuals were also beginning to believe that they could not lose money in the stock market. The market had been going-up for so long and their did not appear to be a downside."

When the Amsterdam Stock Exchange's AEX index dropped nearly 500 points between July and October—a loss of more than a third of its value—many investors were genuinely surprised, but most held their investments, Mr. Hausel said. The market has since recovered much of that decline, but investors are generally more cautious about how they invest these days, preferring to own funds rather than hold the securities directly.

Asked to advise a typical client on how best to invest \$50,000, Mr. Hausel said he would suggest splitting the investment evenly between equities and bonds.

"Fifty percent in bonds might sound rather a lot, but there is no immediate rush to invest in equities at the present time," he said. "I firmly believe that U.S. and European markets are heading for another correction. I would not be too surprised if the events that took place in October were repeated again in May."

Mr. Hausel explained that the millennium bug had become "a major preoccupation with the Dutch media, and investors are concerned about the impact this potential problem might have on share prices across Europe." Speculation about deteriorating economic conditions in Europe might also persuade prudent investors to wait, he said.

For the bond portion of the investment, Mr.

Hansel recommended ABN-AMRO Obligatie Fonds managed by ABN AMRO Investment Management Funds BV in the Netherlands. "Dutch investors like to invest with established home-grown companies," he said. "ABN-AMRO Bank is one of the largest financial institutions in Europe. Over the last 10 years the bond fund has increased its net asset value by 113.7 percent, equivalent to an annual average return of 7.2 percent." He added that the comparable bond funds available from Robeco bank and other major fund providers in the Dutch market. "Any of these funds would be suitable for the client," he said.

Prior to January 1, ABN-AMRO Obligato Fonds was invested in good-quality bonds in guild-denominated issues from public authorities and financial institutions. With the advent of European monetary union, the fund can invest in government issues from the 11 euro members and investment-grade euro corporate issues.

"Europe is clearly going to attract a lot of investor interest over the next few years," Mr. Hausel said. "The challenge for fixed-income fund managers will be to squeeze extra yield from their portfolios. Equity investors meanwhile will be searching for investment opportunities among the biggest companies in Europe."

Mr. Hansel also recommended putting \$25,000 in a pan-European fund — one that holds securities from European countries not participating in the first round of monetary union as well as those that are. “Some Dutch investors may prefer investing in a euroland fund because there is no currency risk involved, *but the pan-European fund provides investors with a much greater choice of companies*,” he said.

He recommended the ABN AMRO Europe Fund, which has been merged into the ABN AMRO Equity Umbrella Fund. The Europe fund "has been running for 10 years and the fund's performance has been good and consistent in relation to other funds in this universe," Mr. Hansel said.

Any income and capital gains from the \$50,000 invested by Mr. Hansel on behalf of his client would not be taxed under Dutch tax laws. However, proposed changes to the tax laws, which might come into effect within the next two years, could mean that capital gains will be taxed above a certain threshold.

Sector 'Spiders' Now Hang Out on Wall Street

A GOOD resolution for the new year is to stop trying to find mutual funds that can beat the market, when only about one in eight has lately been able to do the trick in the United States. But is there a profitable haven for investors who do not have the time or inclination to study individual stocks?

Yes, lots of places — including some exciting new ones, just launched in the past two weeks. The most popular venue for those who don't trust mutual fund managers is the index fund, which itself is a mutual fund owning all the stocks in the Standard & Poor's 500 or some other index that's a proxy for part (or all) of the market.

Since you do not have to pay a supposedly brainy human being to make the stock picks, management fees are very low. Vanguard Index 500 Portfolio, with an expense ratio of a mere 0.2 percent, compared with 1.3 percent for the average managed fund, is now the largest stock mutual fund in the world, and with good reason: While the fund will not beat the S&P 500, it will come within one-fifth of a percentage point every year.

Index funds do not pretend to be able to pick winners and losers. Instead, all the stocks are there, usually according to market capitalization, or the value that investors place on them. Since none of us can see the future, index funds make sense.

But what if you want a portfolio of more specialized stocks? High-tech, for instance, or financials? Now, at last, there are some excellent, low-cost choices. On Dec. 22, shares of nine new sector index funds began trading on the American Stock Exchange. These are not traditional, open-end mutual funds. They are called SPDRs (pronounced "spiders"), and they are actually long-term unit investment trusts — packages of stocks that are intended to mimic a particular index and which change in composition only when the index changes.

SPDRs, or Standard & Poor's Depository Receipts, have been around for six years — the first one was based on the S&P 500 itself. Currently, 93 million shares of this popular SPDR are outstanding, worth about \$11 billion and trading under the symbol SPY. This year, in fact, S&P 500 SPDRs were the third most actively traded stocks in America, after Cendant Corp. and Compaq Computer Corp., Jay Baker, vice president in charge of selling SPDRs at the newly merged Amer-Nasdaq, told me.

The S&P 500 SPDRs provide an alternative to owning an index fund such as Vanguard's, but the choice is not always a good one. SPDRs charge

more in expenses — 0.65 percent annually — and, while there is no commission when you buy a Vanguard (or any other no-load) fund, you have to pay a broker to buy SPDRs.

But with the new Select Sector SPDRs, as they are called, that 0.65 percent expense ratio looks awfully good, even after round-trip commission costs. The reason is simply that most of the sector mutual funds that do exist are expensive. Fidelity, which dominates the sector business, charges a 3 percent load for its "Select" funds—along with hefty expenses. For example, Fidelity Select Technology, which has performed well over the past 10 years, has an expense ratio of about 1.4

IES K. GLASSMAN ON INVES

Also, the managers at Fidelity's sector funds are making choices, buying and selling stocks. Adam Hetnarski, manager of Select Technology, has notched turnover rates of more than 500 percent in each of the past two years, meaning he keeps the average stock less than three months.

The portfolios of the sector SPDRs, by contrast, are each composed of relevant stocks from the S&P 500, picked (if that is the word) by S&P and Merrill Lynch & Co. The lists are meant to stay in place, with only minor tweaking each year, like the S&P 500 itself.

FOR example, the Technology Sector SPDR is based on the Amex Technology Select Sector Index, which is made up of 79 companies. The weighting of a stock in the portfolio is based strictly on its market capitalization. Here are the top 10, along with the percentage of assets each represents: Microsoft Corp., 15 percent; Intel Corp., 9 percent; International Business Machines Corp., 7 percent; Cisco Systems Inc., 6 percent; Lucent Technologies Inc., 6 percent; Dell Computer Corp., 6 percent; MCN, 5 percent; Oracle Corp., 5 percent; Compaq Computer Corp., 4 percent; and Hewlett-Packard Co., 3 percent.

While you can buy funds that specialize in technology, you are at the mercy of the whim (or genius) of the fund manager.

For instance, at last report, the top three stocks in the portfolio of Merrill Lynch Technology, which carries a maximum load of 5.25 percent and expenses of 1.3 percent annually, were Creative Technology Ltd., Micron Technology Inc.

and the London-listed Integrated Device Technology Inc. Only Micron can be found in the SPDR portfolio, the others being too small. Creative is a Singapore-based multimedia company whose big brand name is "Blaster." Integrated is a tiny microchip maker.

All of these may all be excellent stocks, but, if you would rather expose yourself to the full panoply of technology firms — at roughly the proportion of their importance to the U.S. economy — then SPDRs are the ticket. They have become popular, Mr. Baker says. In their first few days of existence, \$500 million worth of shares of the sector SPDRs have been traded.

One that bargain hunters will find attractive right now is Basic Industries, mainly because the sector is so far out of favor with investors. Top holdings are Du Pont Co., at 20 percent of the portfolio; Monsanto Co., 9 percent; Dow Chemical Co., 7 percent; and International Paper Co., 4 percent.

Also worth considering is a broader SPDR called Consumer Services, whose companies have strong brand names in fast-growing businesses, mainly media. Among the 47 holdings, the largest are Time Warner Inc., 13 percent; Walt Disney Co., 10 percent; McDonald's Corp., 8 percent; Tele-Communications Inc., the cable-television system operator, 5 percent; MediaOne Group Inc., 5 percent, broad-band services; and Carnival Corp., the cruise line 4 percent.

One characteristic of sector SPDRs is that they are heavily concentrated in a few stocks. The top holding of a traditional mutual fund might represent only 3 percent of total assets, so, if it drops by 50 percent in price, the fund as a whole falls 1.5 percent. But if DuPont tanks, it can drag the Basic Industries SPDR down by one-tenth or more.

Here is some good news for lovers of the Nasdaq 100, which I lauded in my column on monster-caps last month: The Amex will launch a SPDR based on this index, probably by April, Mr. Baker said.

Short of purchasing all the stock individually, you can buy the Nasdaq 100, which had returned 85 percent for the year through Dec. 24, only through a mutual fund called Rydex OTC. The new SPDRs have not been priced yet, but you will be able to buy a single share, probably for around \$25.

Washington Post Service

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WORLD ROUNDUP

Foreman-Holmes Said to Be Canceled

BOXING The George Foreman-Larry Holmes fight, scheduled for Jan. 23, is off, according to Foreman's brother.

"George says it's off," Roy Foreman said in a telephone interview Friday. He said the reason his brother was backing out was that the promoter of the fight, Roger Levin, did not meet the deadline for paying Foreman the remaining \$9 million of his \$10 million purse.

"They were supposed to have the money last week and they didn't have it," Roy Foreman said. "George gave them an extra week and they still didn't have it."

George Foreman has received a \$1 million down payment, which he will keep. Holmes will keep a \$400,000 down payment on his \$4 million purse.

The fight was to be held in the Astrodome in Houston 10 days after Foreman's 50th birthday. Holmes turned 49 on Nov. 3. (AP)

Say It Isn't So, Fido

DOG RACING Is there any sport free of doping scandals these days? The obscure pastime of whippet racing is in turmoil over cheating — with chocolate drops.

The whippet is a racing dog, a cross between a greyhound and a spaniel or terrier, and whippet racing is popular in northeastern England. The British Whippet Racing Association recently introduced drug testing to its competitions.

According to the latest issue of Whippet magazine, several dogs have tested positive for theobromine and caffeine — both found in chocolate.

Dogs have been stripped of their championships and owners banned from the sport as a result. The whippet owners are fighting back, however.

Mark Pettit, whose dog XSpell was one of the top racers and among those to fail a drug test, said the racing association "will just not listen to reason."

"Innocent people with pets who are just in this for fun are being branded drug cheats, and I will not stand by and see people bullied," he told The Independent newspaper. "People's lives are being ruined by this." (AP)

Longhorns Stamped Over Mississippi State

Applewhite Throws for 3 Touchdowns And Williams Roms in Cotton Bowl

DALLAS — Ricky Williams closed out his career by displaying his version of the Heisman Trophy pose after a touchdown, and it was the freshman quarterback, Major Applewhite, who stole the Cotton Bowl show for the Texas Longhorns.

Applewhite threw three touchdown passes when No. 25 Mississippi State ganged up on Williams on Friday and the No. 20 Longhorns rolled to a 38-11 victory, the first for Texas in the Cotton Bowl since 1982.

The Heisman winner Williams, who thrived in the foggy, rainy conditions, scored on a 37-yard touchdown run in the third quarter. Upon reaching the end zone, he froze in the famous stiff-armed pose seen atop the Heisman trophy.

Williams scored again on a 2-yard third-period run against the tiring Mississippi State defense and finished with 203 yards rushing on 30 carries. Williams' rushing total was the third-highest in Cotton Bowl history. Williams, who set 16 collegiate records during his career, had 248 all-purpose yards. He caught five passes for 45 yards.

The Bulldogs hounded Williams' every step, but they were forced to pay for their blitzes by Applewhite, who hit two touchdown passes in the first half for a 14-3 lead.

Applewhite, noting the Bulldogs' jamming at the line of scrimmage, hit Wade McGarity for touchdown passes of 59 and 52 yards, victimizing cornerback Kendall Roberson on both occasions.

McGarity capped a 97-yard drive with his first touchdown reception in the first quarter as he slipped behind Roberson. In the second period, McGarity caught a short pass, shook off Roberson's tackle and sprinted the rest of the way for the score.

Mississippi State scored on a 39-yard field goal by Brian Hazelwood, who also had a 41-yard attempt blocked by Aaron Humphrey on the final play of the first half. The Bulldogs lost their top receiver and kick returner, Kevin Prentiss, with an elbow injury in the first half, and he never returned.

Texas scored 24 points in the third period. Williams scored twice, and Applewhite hit Kwame Cavil with an 18-yard touchdown pass. Kris Stockton kicked a 47-yard field goal. Applewhite completed 15 of 26 for 225 yards.

The Bulldogs scored in the fourth quarter on a 5-yard pass from Matt Wyatt to Lahtia Grant. James Johnson rushed for 112 yards on 22 carries for Mississippi State.

OUTBACK BOWL: No. 22 Penn St. 26, Kentucky 14. Coach Joe Paterno of Penn State is hard to beat in a bowl game. Give him a month to prepare, and he can make it tough on anybody — including Kentucky's star quarterback, Tim Couch.

Penn State grounded Couch and Kentucky's explosive passing attack after a flying start to dominate the final three quarters of the Outback Bowl and earn a convincing victory Friday.

Couch, playing perhaps his last college game, threw for two first-quarter touchdowns and finished with 337 yards passing. But he was also intercepted twice and sacked six times.

Kevin Thompson threw a 56-yard touchdown pass to Joe Nastasi. Chafie Fields scored on a 19-yard reverse, and Travis Fomey kicked an Outback Bowl record four field goals for Penn State (9-3). But the real story of the game was the Nittany Lions' defense, which was ranked No. 12 nationally during the regular season and led the Big Ten with 47 sacks.

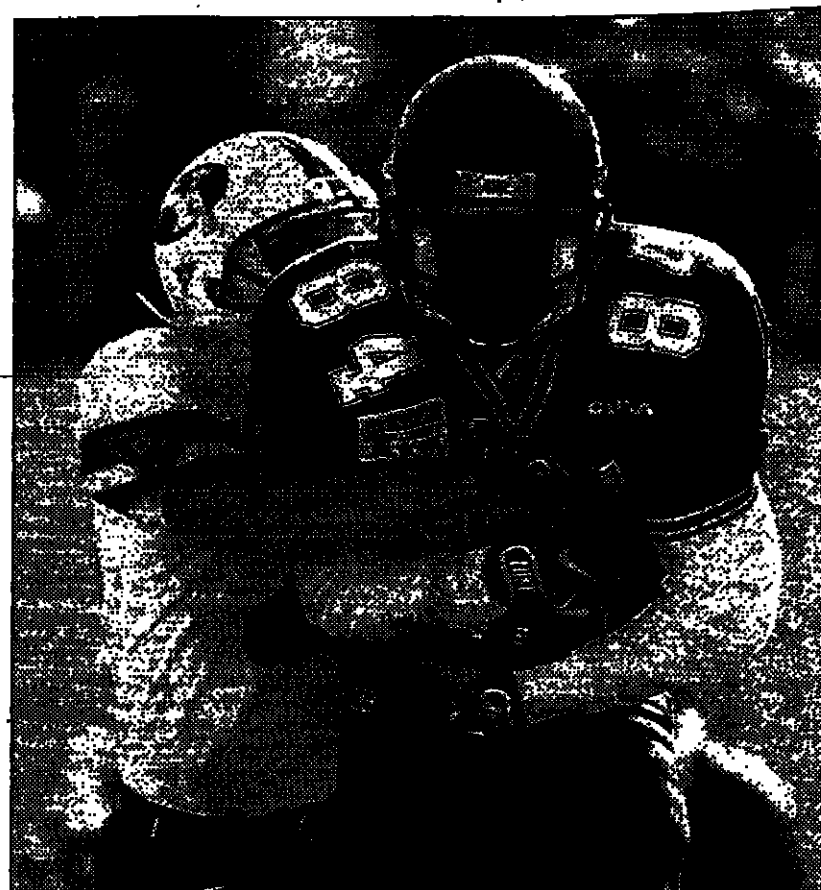
GATOR BOWL: No. 12 Georgia Tech 35, No. 17 Notre Dame 28. Georgia Tech's Dez White caught touchdown passes of 44 and 55 yards from Joe Hamilton, helping No. 12 Georgia Tech to a victory over No. 17 Notre Dame in the Gator Bowl in Jacksonville, Florida.

In an unexpected shootout, Hamilton and White outdueled Jarious Jackson and Aubrey Denson, leading the Yellow Jackets (10-2) to their first 10-victory season since 1990.

Trying to snap a three-game bowl losing streak, Notre Dame (9-3) broke out its green jerseys for the first time since the 1995 Fiesta Bowl. But those uniforms couldn't defend White nor Hamilton and the Fighting Irish came up short of pulling out another last-second victory.

Trailing 35-28, the Irish got the ball twice in the final three minutes. Neither series produced a yard and Nate Stinson, who finished with 2 1/2 sacks, ended the final drive by forcing a fumble that was recovered by defensive end Jesse Tarplin.

It gave Georgia Tech, 17-13 losers to Notre Dame in the 1997 season opener, only its fifth victory over the Irish in 32 meetings and its first since Pepper Rodgers' team won, 23-14, in 1976.



Tulane's Kerwin Cook (84) fighting off Brigham Young's Rob Warcup.

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PEACH BOWL: No. 19 Georgia 35, No. 13 Virginia 33. Todd Braverman wanted a chance at redemption. Instead, what he got was wide right. Again.

The Virginia kicker missed a 48-yard field goal with 19 seconds remaining and No. 19 Georgia held on for a wild victory over the 13th-ranked Cavaliers in the Peach Bowl in Atlanta.

Braverman already had missed a 44-yard attempt and a critical extra point when Virginia got a final chance Thursday night by recovering an onside kick.

The Bulldogs (9-3) fell behind, 21-0, in the first half, then mounted the biggest comeback in their bowl history.

INDEPENDENCE BOWL: Mississippi 35, Texas Tech 18. Coach David Cutcliffe was a winner in his Ole Miss debut as the Rebels beat Texas Tech in the Independence Bowl in Shreveport, Louisiana.

"This was a little harder than I thought it was going to be to get everything ready," said Cutcliffe, the former Tennessee offensive coordinator who was hired by Mississippi on Dec. 2.

Mississippi rolled up 355 yards against Tech, which was ranked eighth nationally in total defense (285 yards per game).

Quarterback Romaro Miller, playing for the first time since breaking his collarbone Nov. 21, made it easy for Cutcliffe. He threw an Independence Bowl-record three touchdowns and was 14-of-23 passing for 216 yards while being named the offensive MVP.

SUN BOWL: Texas Christian 28, Southern California 19. The overconfident, underprepared Trojans lost to underdog TCU in the Sun Bowl in El Paso, Texas, in TCU's first bowl victory since 1957.

"I don't think we were ready to play," said Southern California coach Paul Hackett.

The Horned Frogs, members of the Western Athletic Conference, held the Trojans to a Sun Bowl record low of minus 23 yards rushing, while TCU tailback Basil Mitchell ran for 185 yards and two touchdowns.

"It doesn't matter what conference you play in," said Mitchell, who ran for 1,100 yards during the season. "You have to come out here and play. I knew we could move the ball, but I didn't know we could do it that way."

Awards Show Merit Lies in the Eye of the Beholder

SEVILLE, Spain — After the sports world has spent the past 12 months separating the wheat from the chaff, now comes the season when the wheat is separated from the wheat. It is a most subjective matter, this

matter of year-end awards, and it has become a global rite.

While Japanese pundits wrestle with the relative merits of the soccer virtuoso Hidetoshi Nakata and the speed skater Hirofumi Shimizu, who won a gold medal and set a world record at the Winter Olympics that Japan was host to, the Italians wrestle with the relative merits of the cyclist Marco Pantani, who won a most contentious Tour de France, and the skier Deborah Compagnoni, who won the giant slalom in Nagano. While Spaniards hesitate between the tennis stars Alex Corretja and Carlos Moya, Australians hesitate between the swimmer Michael Klim, winner of six gold medals at the 1998 world championships, and the motorcycle racer Mick Doohan.

A panel of Brazilian sports journalists picked Ronaldo as their sportsperson of the year, but it wasn't the Ronaldo who plays for Inter Milan. It was Ronaldo Da Costa, the Brazilian who set a new world marathon mark in Berlin in September. The soccer player who earned their approval was Rivaldo, who plays for FC Barcelona.

Corretja and Moya live and train in that fair seaport, and the Spanish media opted for Corretja as their national sportsman of the year despite the fact that Moya beat him in the final of the French Open and again in the fourth round of the U.S. Open. Corretja's congeniality and emotional victory in the less prestigious ATP Tour World Championships, which earned him a year-end ranking of No. 3 to Moya's No. 5, was enough to make the difference.

But some of the names on the selective list that accompanies this story created little debate at home. Zinedine Zidane might earn his living in the Italian first division and might have missed two games during the World Cup after foolishly stepping on a prostrate Sandi

Arabian, but when France needed him most, he scored two goals in the cathartic victory over Brazil in the final. He is the French sportsman of the year whether you are a Cartesian or a Pascalian, a Parisian or a Provencal.

Who else but Haile Gebrselassie, the diminutive distance runner and habitual world-record breaker, is an Ethiopian going to sport?

In the United States, Mark McGwire, the muscular first baseman for the St. Louis Cardinals who smashed Roger Maris' iconic home-run mark is a straightforward choice for Americans, although the weekly publications, Sports Illustrated and the Sporting News, both had McGwire share their sportsman of the year awards with fellow slugger Sammy Sosa, a Dominican who also surpassed Maris' record but could not quite keep pace with McGwire.

Marion Jones, the sprinter/long jumper who was unbeaten on the tracks and nearly all the fields of the world in 1998, will have to cross the Atlantic if she wants full recognition. In voting by the Spanish sports media, Jones was named the top women's international star of the year, and in voting at L'Equipe, the French sports newspaper,

she finished fourth in its worldwide rankings behind Zidane, the American basketball star Michael Jordan and the Moroccan runner Hicham Guerrouj, who broke the men's 1,500-meter record in 1998.

Jones also took third in the Reuters Sports Personality poll, in which editors and reporters from 35 countries rank their leading sportsmen and women from a list of 30 candidates. Zidane finished first, once again benefiting from the springboard effect of what was much more a collective victory than an individual tour de force. In second place was Hermann Maier, the Austrian alpine skier who dominated the World Cup circuit and won two gold medals at the Winter Olympics after surviving one of the most spectacular crashes in the history of the downhill. Gebrselassie finished fourth and Jordan fifth.

With the world athletics championships in 1999 and Jones a real threat to win four gold medals, she could soon move up the pecking order, but Jordan will have great difficulty doing the same if the NBA doesn't come to an agreement in its labor dispute. He had another marvelous season, winning his sixth title in eight years with the Chicago Bulls.

Whatever happens at the bargaining table (and our interest in striking multimillionaires is waning quickly), Jordan will continue to turn heads in multiple time zones. Not all of the year-end winners can say the same. Raymond Nark, an amateur boxer, could walk unhindered through the streets of New York, New Delhi or New Zealand but in Accra and probably only Accra it is a different matter. His gold medal at the 1998 Commonwealth Games made him Ghana's sportsman of the year.

1998's Athletes of the Year

Country	Athlete	Sport	Selection
Australia	Michael Klim	Swimming	Australian Sports Commission
Belgium	Susan Dijksterhuis	Swimming	Sportwereld
Brazil	Ronaldo Da Costa	Soccer	Sportsworld
Canada	Larry Walker	Baseball	Montreal Star
Croatia	Davor Peterka	Soccer	Sportsworld
Czech Rep.	Michal Hladik	Baseball	Sportsworld
Ethiopia	Haile Gebrselassie	Running	Sports Illustrated
France	Zinedine Zidane	Soccer	L'Equipe
Germany	Knut Seliger	Baseball	Sportsworld
Ghana	Raymond Nark	Boxing	Sportsworld
Great Britain	David Beckham	Soccer	Sportsworld
Italy	Marco Pantani	Cycling	La Gazzetta dello Sport
Japan	Hidetoshi Nakata	Soccer	Yomiuri Shimbun
Morocco	Hicham Guerrouj	Running	Sportsworld
Netherlands	Gertjan Verbeke	Baseball	Athletes
Spain	Alex Corretja	Tennis	Sports Illustrated
United States	Sammy Sosa	Baseball	Sports Illustrated

SCOREBOARD

ICE HOCKEY

NHL Standings

ATLANTIC DIVISION							N.J. DIVISION						
Team	W	L	T	Pts	GF	GA	Team	W	L	T	Pts	GF	GA
New Jersey	21	9	4	46	104	84	Carolina	17	12	3	37	92	82
Philadelphia	18	9	4	40	102	79	1st Place	17	12	3	37	92	82
Pittsburgh	15	10	7	37	92	88	2nd Place	17	12	3	37	92	82
N.Y. Rangers	12	15	7	31	97	96	(Tied)	12	15	7	31	97	96
N.Y. Islanders	12	22	2	26	87	107	(Tied)	12	22	2	26	87	107
NORTHEAST DIVISION							NORTHEAST DIVISION						
Toronto	21	13	2	44	115	100	(Shannon)	21	13	2	44	115	100
Buffalo	19	15	4	42	93	81	1st Place	19	15	4	42	93	81
Ottawa	16	12	4	38	92	80	2nd Place	16	12	4	38	92	80
Montreal	16	13	4	36	95	93	3rd Place	16	13	4	36	95	93
Washington	11	19	7	29	80	99	4th Place	11	19	7	29	80	99
SOUTHEAST DIVISION							SOUTHEAST DIVISION						
Carolina	17	14	3	37	93	87	1st Place	17	14	3	37	93	87
Florida	13	16	3	28	85	89	2nd Place	13	16	3	28	85	89
Washington	9	24	3	21	78	123	3rd Place	9	24	3	21	78	123
WESTERN DIVISION							WESTERN DIVISION						
CENTRAL DIVISION							CENTRAL DIVISION						
St. Louis	17	16	2	36	108	99	1st Place	17	16	2	36	108	99
Chicago	15	17	3	33	96	103	2nd Place	15	17	3	33	96	103
Los Angeles	13	18	3	29	80	103	3rd Place	13	18	3	29	80	103
San Jose	11	21	6	28	78	113	4th Place	11	21	6	28	78	113
NORTHERN DIVISION							NORTHERN DIVISION						
Edmonton	16	17	3	35	96	92	1st Place	16	17	3	35	96	92
Vancouver	15	17	3	33	94	96	2nd Place	15	17	3	33	94	96
Calgary	12	21	3	27	97	108	3rd Place	12	21	3	27	97	108
PACIFIC DIVISION							PACIFIC DIVISION						
Dallas	22	5	6	52	105	64	1st Place	22	5	6	52	105	64
Phoenix	21	7	4	46	94	61	2nd Place	21	7	4	46	94	61
San Jose	13	18	6	34	79	92	3rd Place	13	18	6	34	79	92
Anaheim	10	16	8	28	71	86	4th Place	10	16	8	28	71	86
Los Angeles	12	21	3	27	83	96	5th Place	12	21	3	27	83	96
PLAYOFF SCHEDULE							PLAYOFF SCHEDULE						
1st Place	1	2	1	3	1-3		1st Place	1	2	1	3	1-3	
2nd Place	1	2	1	3	1-3		2nd Place	1	2	1	3	1-3	
3rd Place	1	2	1	3	1-3		3rd Place	1	2	1	3	1-3	
4th Place	1	2	1	3	1-3		4th Place	1	2	1	3	1-3	
5th Place	1	2	1	3	1-3		5th Place	1	2	1	3	1-3	
6th Place	1	2	1	3	1-3		6th Place	1	2	1	3	1-3	
7th Place	1	2	1	3	1-3		7th Place	1	2	1	3	1-3	
8th Place	1	2	1	3	1-3		8th Place	1	2	1	3	1-3	
9th Place	1	2	1	3	1-3		9th Place	1	2	1	3	1-3	
10th Place	1	2	1	3	1-3		10th Place	1	2	1	3	1-3	
11th Place	1	2	1	3	1-3		11th Place	1	2	1	3	1-3	
12th Place	1	2	1	3	1-3		12th Place	1	2	1	3	1-3	
13th Place	1	2	1	3	1-3		13th Place	1	2	1	3	1-3	
14th Place	1	2	1	3	1-3		14th Place	1	2	1	3	1-3	
15th Place	1	2	1	3	1-3		15th Place	1	2	1	3	1-3	
16th Place	1	2	1	3	1-3		16th Place	1	2	1	3	1-3	
17th Place	1	2	1	3	1-3		17th Place	1	2	1	3	1-3	
18th Place	1	2	1	3	1-3		18th Place	1	2	1	3	1-3	
19th Place	1	2	1	3	1-3		19th Place	1	2	1	3	1-3	
20th Place	1	2	1	3	1-3		20th Place	1	2	1	3	1-3	
21st Place	1	2	1	3	1-3		21st Place	1	2	1	3	1-3	
22nd Place	1	2	1	3	1-3		22nd Place	1	2	1	3	1-3	
23rd Place	1	2	1	3	1-3		23rd Place	1	2	1	3	1-3	
24th Place	1	2	1	3	1-3		24th Place	1	2	1	3	1-3	
25th Place	1	2	1	3	1-3		25th Place	1	2	1	3	1-3	
26th Place	1	2	1	3	1-3		26th Place	1	2	1	3	1-3	
27th Place	1	2	1	3	1-3		27th Place	1	2	1	3	1-3	
28th Place	1	2	1	3	1-3		28th Place	1	2	1	3	1-3	
29th Place	1	2	1	3	1-3		29th Place	1	2	1	3	1-3	
30th Place	1	2	1	3	1-3		30th Place	1	2	1	3	1-3	
31st Place	1	2	1	3	1-3		31st Place	1	2	1	3	1-3	
32nd Place	1	2	1	3	1-3		32nd Place	1	2	1	3	1-3	
33rd Place	1	2	1	3	1-3		33rd Place	1	2	1	3	1-3	
34th Place	1	2	1	3	1-3		34th Place	1	2	1	3	1-3	
35th Place	1	2	1	3	1-3		35th Place	1	2	1	3	1-3	
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38th Place	1	2	1	3	1-3		38th Place	1	2	1	3	1-3	
39th Place	1	2	1	3	1-3		39th Place	1	2	1	3	1-3	
40th Place	1	2	1	3	1-3		40th Place	1	2	1	3	1-3	
41st Place	1	2	1	3	1-3		41st Place	1	2	1	3	1-3	
42nd Place	1	2	1	3	1-3		42nd Place	1	2	1	3	1-3	
43rd Place	1	2	1	3	1-3		43rd Place	1	2	1	3	1-3	
44th Place	1	2	1	3	1-3		44th Place	1	2	1	3	1-3	
45th Place	1	2	1	3	1-3		45th Place	1	2	1	3	1-3	
46th Place	1	2	1	3	1-3		46th Place	1	2	1	3	1-3	
47th Place	1	2	1	3	1-3		47th Place	1	2	1	3	1-3	
48th Place	1	2	1	3	1-3		48th Place	1	2	1	3	1-3	
49th Place	1	2	1	3	1-3		49th Place	1	2	1	3	1-3	
50th Place	1	2	1	3	1-3		50th Place	1	2	1	3	1-3	
51st Place	1	2	1	3	1-3		51st Place	1	2	1	3	1-3	
52nd Place	1	2	1	3	1-3		52nd Place	1	2	1	3	1-3	
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57th Place	1	2	1	3	1-3		57th Place	1	2	1	3	1-3	
58th Place	1	2	1	3	1-3		58th Place	1	2	1	3	1-3	
59th Place	1	2	1	3	1-3		59th Place	1	2	1	3	1-3	
60th Place	1	2	1	3	1-3		60th Place	1	2	1	3	1-3	
61st Place	1	2	1	3	1-3		61st Place	1	2	1	3	1-3	
62nd Place	1	2	1	3	1-3		62nd Place	1	2	1	3	1-3	
63rd Place	1	2	1	3	1-3		63rd Place	1	2	1	3	1-3	
64th Place	1	2	1	3	1-3		64th Place	1	2	1	3	1-3	
65th Place	1	2	1	3	1-3		65th Place	1	2	1	3	1-3	
66th Place	1	2	1	3	1-3		66th Place	1	2	1	3	1-3	
67th Place	1	2	1	3	1-3		67th Place	1	2	1	3	1-3	
68th Place	1	2	1	3	1-3		68th Place	1	2	1	3	1-3	
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73rd Place	1	2	1	3	1-3		73rd Place	1	2	1	3	1-3	
74th Place	1	2	1	3	1-3		74th Place	1	2	1	3	1-3	
75th Place	1	2	1	3	1-3		75th Place	1	2	1	3	1-3	
76th Place	1	2	1	3	1-3		76th Place	1	2	1	3	1-3	
77th Place	1	2	1	3	1-3		77th Place	1	2	1	3	1-3	
78th Place	1	2	1	3	1-3		78th Place	1	2	1	3	1-3	
79th Place	1	2	1	3	1-3		79th Place	1	2	1	3	1-3	
80th Place	1	2	1	3	1-3		80th Place	1	2	1	3	1-3	
81st Place	1	2	1	3	1-3		81st Place	1	2	1	3	1-3	
82nd Place	1	2	1	3	1-3		82nd Place	1	2	1	3	1-3	
83rd Place	1	2	1	3	1-3		83rd Place	1	2	1	3	1-3	
84th Place	1	2	1	3	1-3		84th Place	1	2	1	3	1-3	
85th Place	1	2	1	3	1-3		85th Place	1	2	1	3	1-3	
86th Place	1	2	1	3	1-3		86th Place	1	2	1	3	1-3	
87th Place	1	2	1	3	1-3		87th Place	1	2	1	3	1-3	
88th Place	1	2	1	3	1-3		88th Place	1	2	1	3	1-3	
89th Place	1	2	1	3	1-3		89th Place	1	2	1	3	1-3	
90th Place	1	2	1	3	1-3		90th Place	1	2	1	3	1-3	
91st Place	1	2	1	3	1-3		91st Place	1	2	1	3	1-3	
92nd Place	1	2	1	3	1-3		92nd Place	1	2	1	3	1-3	
93rd Place	1	2	1	3	1-3		93rd Place	1	2	1	3	1-3	
94th Place	1	2	1	3	1-3		94th Place	1	2	1	3	1-3	
95th Place	1	2	1	3	1-3		95th Place	1	2	1	3	1-3	
96th Place	1	2	1	3	1-3		96th Place	1	2	1	3	1-3	
97th Place	1	2	1	3	1-3		97th Place	1	2	1	3	1-3	
98th Place	1	2	1	3	1-3		98th Place	1	2	1	3	1-3	
99th Place	1	2	1	3	1-3		99th Place	1	2	1	3	1-3	
100th Place	1	2	1	3	1-3		100th Place	1	2	1	3	1-3	

SPORTS

NBA Players Hold Off on Presenting 'Final' Offer

The Associated Press

NEW YORK — The National Basketball Association's players' union has decided to sit on its "final" offer.

The bargaining process took a step backward Thursday when the union, prepared to offer an unprecedented concession by limiting the amount of money all players can earn, refused to present its new offer to the owners.

"They refused to meet with us, so we're not giving it to them," a union attorney, Jeffrey Kessler, said. "That's no way to negotiate. We'll sit on this until Jan. 7 if we have to."

The NBA commissioner, David Stern, has said that if no agreement is reached by Thursday, he will recommend to the league's board of governors that the season be canceled.

Stern and the director of the players' union, Billy Hunter, spoke by telephone early Thursday, and the league issued a news release saying the offer would be forwarded to the owners' labor relations committee.

But the momentum broke down in the afternoon when Kessler objected to the lack of a face-to-face bargaining session at which the offer could be presented.

Sources close to the union who spoke on condition of anonymity said the proposal included an absolute maximum annual salary for all players. The union previously agreed to limit the salaries of only those players with less than 10 years' experience.

The owners had been asking for an absolute maximum of \$12.25 million for players with 10 years' experience, while the union's offer was expected to come in somewhere around \$15 million. The offer also would leave the sides about \$500,000 apart on the maximum salary for players with less than 10 years.

The union also was ready to ask for lower minimum salaries for veterans and to move off its demand for 57 percent of revenues, dropping as low as 55 percent, sources said. The owners have offered between 53 percent and 54 percent.

"We have already made our final offer, so if they don't look a lot like ours then it's not going to be accepted," the NBA's chief legal officer, Jeffrey Mishkin, said. "We've told them that if they have a final offer then, please, give it to us. But there's not going to be a meeting until we see it and the committee evaluates it."

Meanwhile, Keith Van Horn of the New Jersey Nets became the third player to suggest that the union should let the players vote on the owners' latest proposal.



The Flames' center, Michael Nylander, getting dumped by Brett Clark of the Canadiens after Nylander scored in the first period in Calgary.

Maple Leafs Clip Wings

The Associated Press

Curtis Joseph made 36 saves and Mats Sundin had two assists as the Toronto Maple Leafs beat Detroit, 4-2, extending the Red Wings' winless streak to seven games.

Igor Korolev, Steve Thomas, Fredrik Modin and Derek King scored goals on Thursday night for the visiting Maple Leafs, who moved a point ahead of the Buffalo at the Northeast Division.

NHL Roundup

Toronto, which won all three of its games against the Red Wings this season, is 12-5 in its last 17 games.

Martin Lapointe and Darren McCarty scored for the Red Wings.

Stars 6, Bruins 1 In Dallas, Pat Verbeek scored two goals and Mike Keane got the tiebreaker early in the second period as the Stars extended their unbeaten string to a franchise-record 13 games.

Ray Bourque notched his 379th career goal for Boston's only score.

Blackhawks 1, Islanders 0 Bob Probert scored his second goal of the season and Jocelyn Thibault stopped 28 shots. The visiting Islanders have lost three in a row. Chicago's victory was just its second in the last eight games.

Canadiens 2, Flames 1 In Calgary, the Canadiens' Eric Weinrich scored one goal and assisted on another as Montreal won its third straight game.

The Canadiens have beaten Toronto, Edmonton and Calgary since ending an 11-game winless streak.

Rangers 6, Avalanche 3 Wayne Gretzky and Petr Nedved were among six New York players with two points apiece as the Rangers routed host Colorado.

Marc Savard, Niklas Sundstrom, Mathieu Schneider and John MacLean also had two points for the winners. Valeri Kamenyuk had two points for Colorado.

Flames 6, Canucks 2 In Vancouver, Rod Brind'Amour and Valeri Zelenchuk scored two goals apiece as Philadelphia extended its unbeaten streak to 10.

Look for Bills to Outrun Dolphins

By Thomas George
New York Times Service

Buffalo (10-6) at Miami (10-6) This is the third meeting this season between these divisional rivals, with Miami winning by 13-7 at home and Buffalo winning by 30-24 at home. This one is in Miami's home, Pro Player Stadium, site of Super Bowl XXXIII. Miami is 7-1 at home, where it has allowed an average of only 10.3 points a game.

These teams are so familiar that it will be difficult to pull punches or surprises Saturday. But both will try. Watch Miami to try something funky in the kicking game. Look for Buffalo to rattle with a reverse or two or a halfback pass. The quarterbacks, Dan Marino of the Dolphins and Doug Flutie of the Bills, will probably flirt with the long ball.

But when you get right down to it, two factors will swing this game Buffalo's way: the running game and turnovers.

The Bills boast the second-best rushing game in the American Football Conference (135.9 yards averaged a game) and are 6-0 this season when the back Antwan Smith scores a touchdown. In turnovers, Buffalo is plus 3 over Miami, and the Bills have lost only six fumbles, the fewest in team history. Watch the kicker for Buffalo, Steve Christie. He has 20 playoff field goals and needs 3 more to pass George Blanda for most in postseason history. Christie will get his kicks. So will Buffalo. Prediction: Bills, 23-17.

Arizona (9-7) at Dallas (10-6) No wonder Dallas has such a word-wide following. The Cowboys' .627 playoff winning percentage is second only to Green Bay's .710 (22-9 record). Dallas has more playoff seasons (25) than any other franchise, more games (51), more victories (32) and more points (1,254). It is a league-best 12-3 in the playoffs in the 1990s, and that includes a 7-0 home record. Do you hear the Arizona Car-

dinals knees knocking? No.

Don't say poor Arizona. Don't pity the Cardinals. They are flying now, winning last week over San Diego in dramatic fashion to reach their first playoff in 16 years. The Cardinals have not won a playoff game since 1947. So what? This is a special team. It won a league record seven games by 3 or fewer points. It has a quarterback in Jake

NFL Matchups

Plummer who passed for 3,737 yards, third-best in the National Football Conference. The receiver Frank Sanders made 31 third-down catches, second-best in the NFC. The safety Kwame Lassiter earned an NFC-best eight interceptions, four of them last week in the San Diego game.

The Cardinals dropped both games to Dallas in the regular season, and Dallas scored 38 the first time and 35 in the rematch.

Arizona will need a solid game Saturday from the end Simeon Rice to help spur its defense and slow down the Dallas scoring. Once that is accomplished, watch Plummer, who passed for 465 yards against Dallas in November, finish it. Cardinals, 31-28.

New England (11-5) at Jacksonville (11-5) be enough? Jacksonville (11-5) has enough. There are reasons why Green Bay has hammered the 49ers. First, they've physically hammered them. Then, too, the quarterback Brett Favre has outplayed Young, and the Green Bay defense has thoroughly outplayed the 49ers' defense.

The game will boil down to the receiver Antonio Freeman against the 49ers' secondary. In the last two games between these teams, Freeman has 11 catches for 300 yards and 3 touchdowns. There is no one back there to shut down Freeman. He is the thorn that will pierce San Francisco most. Once again, Packers, 28-21.

German Continues Ski-Jumping Dominance

The Associated Press

GARMISCH-PARTENKIRCHEN, Germany — Martin Schmitt of Germany soared to a course record leap of 123.0 meters Friday to capture the second of the Four Hills Tour World Cup ski-jumping events.

Schmitt won the first of the Four Hills events at Oberstdorf, Germany, three days earlier. He has won six of the eight World Cup events he has entered this season.

"It's just crazy," said the 20-year-old student. "I'm in crazy good form at the moment."

After his first jump, of 118.0 meters, Schmitt trailed Janne Ahonen of Fin-

land. But his second jump erased the Four Hills Tour mark at Garmisch-Partenkirchen by a meter. That record was set last season by Masahiko Harada of Japan.

Schmitt wrestled away the overall World Cup lead from Ahonen.

Ahonen, Schmitt's only real rival this season, finished second with 240.0 points on jumps of 114.5 meters and 118.0 meters. He led after the first go-around when judges gave his shorter leap higher points for form than Schmitt earned.

Finishing third was Noriaki Kasai of Japan at 230.9 points.

Sven Hannawald of Germany ended

up fourth and led briefly after flying 121.5 meters on his second leap, far longer than those who preceded him.

But Hannawald immediately said of Schmitt, who has emerged out of nowhere this season to dominate ski jumping: "Martin will win this thing. 100 percent guaranteed."

Schmitt, a few jumpers later, then soared high in the air and pumped his fists in glee at the 35,000 spectators as he coasted to a stop after his jump.

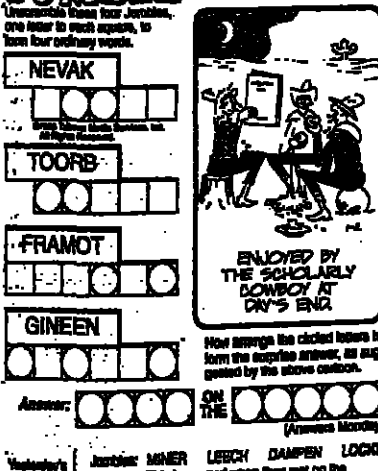
The Four Hills will move to Innsbruck, Austria, on Sunday, and Bishofshofen, Austria, on Wednesday. The last German to win the events was Jens Weissflog two years ago.

DENNIS THE MENACE



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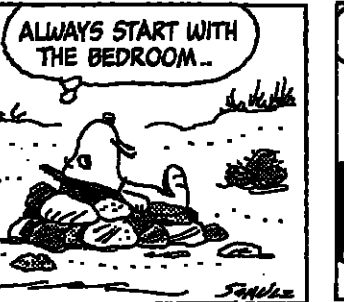
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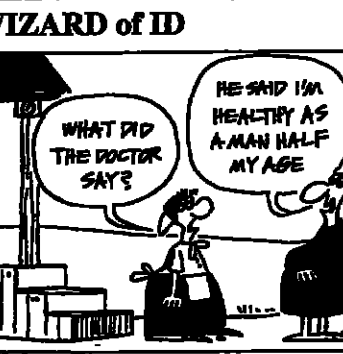
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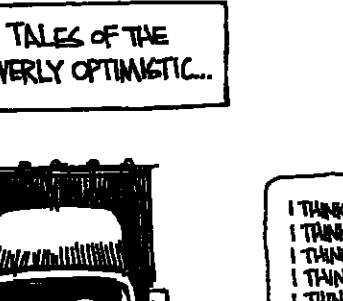
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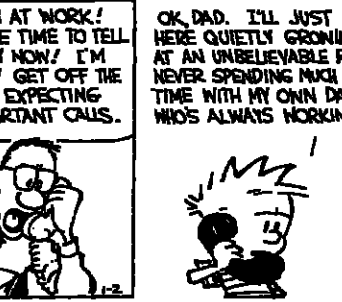
CALVIN AND HOBBES



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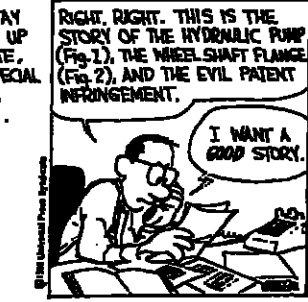
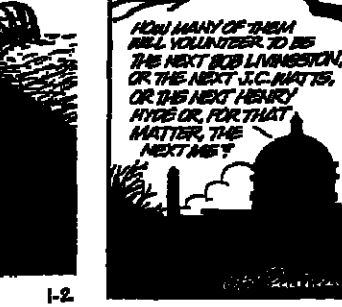
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TALES OF THE OVERLY OPTIMISTIC...



DOONESBURY



TALES OF THE OVERLY OPTIMISTIC...



DAVE BARRY

Millennium Dread

MIAMI — I found myself thinking about the Millennium Bug a couple of weeks ago while listening to Perry Como sing "Do You Hear What I Hear?" to me on the telephone.

Ordinarily there is nothing I'd rather do than listen to Perry croon a Christmas carol over a speaker that has the acoustical fidelity of a wet kazoo. But in this case, I had been hoping to get through to a Customer Service representative of a large corporation that had just sent me, out of the blue, a letter informing me that my homeowner's insurance was being canceled. This letter caused me to experience one of those chilling homeowner moments, like when you see water coming from an electrical socket, or you realize that you have built your new kitchen addition directly over your septic tank, or you call home and the baby sitter says that the fire chief wants to talk to you or the termite inspector shines his flashlight under your house and screams like the shower woman in "Psycho."

I really, really wanted to talk to a live Customer Service human.

So I really, really wanted to talk to a live human Customer Service representative, or even a reasonably intelligent Customer Service dog. But no matter what numbers I pressed on my touch-tone phone — and I tried them all — I always ended up with a very nice recorded woman saying: "Please hold while your call is transferred to a Customer Service representative." Then there would be some clicks, and I'd get ready to give my insurance policy number, and, there, on the line, would be: Perry Como. Perry would croon a few verses of "Do You Hear What I Hear?"; then I'd hear some more clicks; then I'd hear a dial tone. Time to start over!

I went through this entire procedure five times. I began to wonder if maybe, as a result of a career slump, Perry Como actually WAS the Customer Service representative, and was singing Christmas carols to himself in his little cubicle to pass the time while he waited for me to explain my problem. But of course the actual explanation is that the telephone answering system at this corporation, like everything else in the world, is controlled by computers. And while we must recognize that

Suddenly, the elevator won't know if the year is 1900 or 2000!

computers are wonderful machines that have improved our lives in countless ways, we must also, by the same token, recognize that they are the evil demon spawn of Hell.

This is why I'm worried about this Millennium Bug, a glitch that makes it im-

possible for computers to understand what century it is.

The cause of the Millennium Bug dates back to the 1960s, when computer programmers decided to represent certain types of data in shorthand. Thus 1967 became just "67"; Missouri became just "Mo."; and a broiled chicken sandwich with fries and a medium soft drink became just "The No. 4 Combo." The programmers did this because, in the 1960s, computer memory was very expensive. Also, back then everybody except Bill Clinton was on drugs. Many of these programmers didn't KNOW what century it was.

Until recently, the Millennium Bug was not a problem. But now, with the year 2000 looming just ahead, we are facing a disaster. On Dec. 31, 1999, at exactly midnight, the following chilling scenario is very likely to occur:

• Millions of people will drink cheap champagne and put on stupid hats.

• A significant number of these people will also sing incomprehensible lyrics about old acquaintance being forgot.

A nightmare? You bet it will be. Also there could be some computer problems. Picture this situation: At 11:59 P.M. on Dec. 31, you step into a crowded, computer-controlled elevator in a modern high-rise building. At the stroke of midnight, you and your co-passengers are suspended in an elevator shaft 50 floors up — and suddenly, the elevator doesn't know whether the year is 1900 or 2000! You can imagine what might happen!

Nothing, that's what. Elevators don't NEED to know what year it is. But a co-passenger who has been drinking cheap champagne could throw up on your shoes.

This is just one of the possibilities we need to prepare for. Another one is that there might be a nuclear war, which — not to alarm anybody — would probably have a serious impact on the bowl games. Also, many experts are warning that our national communications network could be disrupted, making it impossible, for a while anyway, to reach anybody by telephone. So my advice is: Be prepared. Get yourself a Perry Como record NOW.

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Hemingway's Fame Lives On. In the Furniture

By Mary Blume
International Herald Tribune

NEW YORK — The sun also sets, or, to be more accurate, sets, Ernest Hemingway, writer, brawler, boozier, outdoor man, has become a furniture line. "His fame lives on thanks to the Ernest Hemingway Collection, a new body of licensed products embracing furniture, accessories, gifts and textiles," proclaims a press release from Fashion Licensing of America Inc., whose president, Maria A. Metzner, is ensuring that the Nobel Prize winner's fame lives on in such objects as the Corrida Sofa, the Sun Valley Cocktail Table and the Papa Hemingway Chair and Ottoman.

The Papa chair has a "signature" metal headrest with an H to identify it as authentically Hemingway while the brush metal-framed Pilar bookcase has a "distinctive" signature H and marlin symbol.

Twelve licensees will release nearly 100 Hemingway home products next month, with Thomasville Furniture in North Carolina the chief player.

"Ernest Hemingway had a unique personality about him. He was a very real person, not a designer, and he was bigger than life," says Thomasville's senior vice president of sales and marketing.

The collection was launched in October with Jack Hemingway, the writer's oldest son, bolstering the line in the North Carolina press. "I think he would be pleased, but he might not say so," Jack told the Thomasville Times.

In her Madison Avenue office, Metzner, 45, in a safari-style suit, likes to use a Hemingwayesque term, "the true gen," to describe the Hemingway Collection. "It means the real thing. I love to use that because when the property is right, when the category is right, it is a true gen. It really does bring up all the images that are very Hemingwayesque."

That ottomans and slipcovers and woven chenille in wild animal patterns could be the



true gen became apparent to Metzner a couple of years ago and she informed the Hemingway family, whom she had represented earlier on such minor deals as Gap and Calvin Klein ads, a limited edition Mont Blanc pen in a box that was supposed to look like a novel (\$600, but only \$325 for the rollerball), fly reels, Papa Hemingway wine eyeglass frames made in Japan and a long-billed fishing cap featured in the J. P. Seaman catalogue.

The idea was to make Hemingway a brand name by trademarking him and then find a niche for the name, such as the burgeoning home furnishings industry. It was Metzner who put together what she calls the brand personality.

"High quality was absolutely number one. Masculine, having a sense of the man — passionate, enduring, international, this sense of romance although very masculine."

Celebrity commodities are not new but the

branding of the name and its intensive merchandising is novel enough for the grandchildren of another great writer to sign up with Metzner. She is now at work on an F. Scott Fitzgerald line, of which only a pair of Gatsby suspenders so far exist.

As Thomasville's vice president explained, Hemingway was a real person, not a designer, and so each Papa product has a biographical bias: The furniture is inspired by four places where he lived: Key West, Florida; Havana; Kenya, and Ketchikan, Idaho, where he took his life. Why no Paris?

"Because we didn't want to do everything at once," Metzner replied, "just as Papa said at the end of the day he didn't like to drain the well dry, he liked to leave a little bit so he knew exactly where to go the next morning. We didn't want to do everything in the first line, Spain, the Paris years and Italy — that is all to come."

Caporetto chintz? Who knows? In the meantime, Metzner is working on Hemingway apparel, although he was a notoriously sloppy dresser. "We would never do a suit, that wouldn't be appropriate," Metzner smoothly replied. She has in mind what she calls a major sportswear line — "the kind of clothes that you would see gentlemen wear in the Hamptons on the weekend. Tweeds, leather. Country suburban, you might call it."

Literary consumer goods could have a great future. Beckett ash cans for the new big areas, the kitchen and bathroom; an O. Henry pocket watch; a Henry James golden bowl handcrafted in Taiwan with a built-in flaw, and for Fitzgerald a hip flask. There is presumably nothing against a recreational utility vehicle with zebra-patterned seats for Papa, Metzner having so far drawn the line only at booze and firearms.

A few grouches have of course criticized the branding of Hemingway, but Metzner dismisses them easily. "The family was really degrading their family name because if

they didn't do it someone else would. Many of the things you see, the family wouldn't have approved. By getting them pro-active, getting trademarks, now it has to be approved. It could have been Wal-Mart or Sloppy Joe's around the corner without their approval, so I thought them for protecting the family name." Metzner refuses to give details of the royalty agreements that have been signed, but 1999 should be a good year for her and the Hemingways. It is the centennial of the writer's birth, which will be marked not only by a nationwide promotion for The Ernest Hemingway Collection, but also by the publication of an abandoned manuscript that Hemingway's youngest son, Patrick, has completed in his father's stead and named "True at First Light," and a film by Hemingway's granddaughter, Mariel, of his Paris memoir, "A Moveable Feast." Happy New Year, Papa.

PEOPLE

AN exhibition of works by Claude Monet has broken the record for the most advance tickets ever sold for an art show in Britain. Organizers of the Royal Academy exhibition said that almost 100,000 people from as far afield as Hawaii and Hong Kong had applied for tickets to "Monet in the 20th Century," which opens on Jan. 23. The exhibition, already seen by 550,000 people at the Museum of Fine Arts in Boston, groups 80 paintings by the father of Impressionism.

William Shakespeare was voted "personality of the millennium" by BBC radio listeners, the network announced Friday. In fact, all the "winners" were British. The playwright and poet (1564-1616) beat Winston Churchill (1874-1965), the World War II prime minister, and William Caxton (1422-91), who introduced the printing press to Britain. The naturalist Charles Darwin (1809-82) and the mathematician and physicist Isaac Newton (1642-1727) took fourth and fifth place

in the vote by around 45,000 listeners.

A Japanese adventurer attempting a solo trek across Antarctica reached the South Pole on New Year's Eve, his support group said Friday. Mitsuru Oba, who in 1997 became the first person to walk alone across the frozen Arctic Ocean, celebrated his achievement with members of the U.S. Antarctic base. If Oba accomplishes his goal of reaching Antarctica's Eighth Coast, about 1,200 miles (1,900 kilometers) from the South Pole, he will become the first person to complete solo treks across both Antarctica and the Arctic Ocean.

At 110, the Eiffel Tower drew 6 million visitors in 1998, beating its previous record of 5.747 million, set in 1992, and renewing its claim to being the world's most popular monument. The company that manages the 320-meter (1,050-foot) tower, built by Gustave Eiffel for the Universal Exhibition of 1889, says it draws twice as many visitors as the

Louvre and outdraws the Empire State Building in New York, which attracted 3.6 million visitors in 1997.

Frank Sinatra Jr. was filling big shoes New Year's Eve when he played at one of his father's old watering holes, the Fontainebleau Hilton Hotel in Miami Beach. Seven months after his father died, Sinatra is carving his own niche in the music business, gaining a loyal following both for his own style and for his ability to mimic his father. "The first time people come to see me, it's usually because they are curious," he said. "Then maybe some of them return."

The Queen of Soul rocked a Detroit hospital auditorium with a New Year's Eve show that had hundreds of patients and staffers dancing in their seats. "Because some of you weren't able to get out for Christmas and the holidays, we wanted to bring a little Christmas to you," Aretha Franklin told the audience at Henry Ford Hospital.



COLD CUSTOM — About 2,000 people in the Dutch coastal resort of Scheveningen taking part Friday in the traditional New Year's dip in the North Sea.

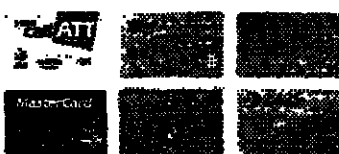


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